



Small Business Finance

(Adapted from Businessblogshub by Dominic Butler)

The financial side of a small business is perhaps the most **baffling** aspect. It's hard for owners to manage their finances, particularly if they've never done it before. Ultimately, it all **comes down to** two things; your income and outgoings. Manage both of these things, and your finances will be in better shape.

Income

Every business needs to manage its income and for good reasons. You need to know how much money you make as it helps you **figure out** if you're making a profit and being successful. Plus, businesses get taxed on their income. So, you need clear financial records to help figure out how much tax you should be paying.

The **fundamental principal** to managing your income is tracking. Collect receipts from every transaction that happens in your business. Every customer that spends a penny needs to be logged in your books, and there's accounting software to help with this. This makes it easy for you or an accountant to go through your books and see how much money came into your business and needs to be taxed.

Outgoings

Of course, as well as generating income your business will have its **fair share** of outgoings to deal with too. It's important that you understand how to take care of them so that your financial situation can easily be managed.

Mainly, you want to ensure that everything you pay for is paid securely and leaves a record that's easy for you to track.

Paying in cash may seem like an easy idea, but it's not secure and difficult to track. Things like checks are great when paying suppliers or other outgoings, as they're nice and secure and both parties have evidence of the transaction. So, make sure you have a nice stock of checks that you can write whenever needed.

If you start **running low**, there are places where you can order checks overnight to restock the next day. Keep a record of all your paid checks as you may need them come tax season to try and claim relief on some of your business purchases.

Another idea is to use accounting software so you can log all your outgoings on your computer. This easily helps you see how much money is leaving your company, and where the majority of it is going. Speaking of software, you could also get some that are set up to pay your employees **promptly** every month. Again, this is a secure method that's easy to keep track of.

There are a few things to say regarding both income and outgoings. For one, make sure you constantly compare the two against each other. You need to make it so that your income exceeds what's going out of your business. As a result, the focus should always be on increasing your income. Find ways you can **boost** those figures, and get them ahead of your outgoings. If you find your outgoings are ridiculously high, then it's time for some budget cuts to reduce them. By doing both of these things, you widen your profit margins and improve the probability of success.

Exercise 1

Match the words in bold from the text with their synonymous meanings.

- | | |
|--------------------------|------------------------------------|
| 1) Baffling | A) Depends on |
| 2) Comes down to | B) Correct amount |
| 3) Figure out | C) Only having little of something |
| 4) Fundamental principal | D) Confusing |
| 5) Fair share | E) On time |
| 6) Running low | F) Solve |
| 7) Promptly | G) Increase |
| 8) Boost | H) Key point |

Exercise 2

Complete the phrases with the words in bold from the text.

- 1) It took me a long time to the problem with the accounts.
- 2) The of good retail is understanding what your customer wants.
- 3) The politician received a of criticism for his latest budget failure.
- 4) The CEO hoped that the new line of products would sales.
- 5) We felt that morale was after the terrible end of year reports.
- 6) If an employee were caught stealing, they would be dismissed.
- 7) Many people thought that the company's new policies were
- 8) It all whether the candidate has the right credentials.

Exercise 3

Match the sentence halves.

- | | |
|---|---|
| 1) In my opinion... | A) submits his reports promptly. |
| 2) I think that winning the competition... | B) the referee's decision was baffling. |
| 3) He always... | C) what your priorities are and start there. |
| 4) Efficiency is a fundamental principal... | D) the petrol is running low! |
| 5) You must figure out... | E) would really boost her confidence. |
| 6) I think it really comes down to... | F) which country you would prefer to live in. |
| 7) Remember that... | G) their fair share of the work. |
| 8) Everybody must do... | H) of a good working model. |



Solutions

Exercise 1

1.D 2.A 3.F 4.H 5.B 6.C 7.E 8.G

Exercise 2

1. Figure out
2. Fundamental principal
3. Fair share
4. Boost
5. Running low
6. Promptly
7. Baffling
8. Running low

Exercise 3

1.B 2.E 3.A 4.H 5.C 6.F 7.D 8.G