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When to Use a Bookkeeper Instead of an Accountant



ELAINE MORGAN

If I had a dollar for every time I've had to say, "I'm not an accountant, I'm a bookkeeper," I could close up shop and move somewhere warmer. Normally, it's a new client I have to explain this to when it becomes clear the person does not quite understand the difference between the two roles.

Why do I go to such lengths to point this out? First, I don't ever want to be the subject of one of those headlines, 'Woman charged for masquerading as accountant!' Second, I'm inordinately proud of what I do and the role I fill, and have *no* desire to be an accountant.

So what is the difference between a bookkeeper and an accountant? Does a small business owner need both? Where do they fit in the financial support team of a small business?

Of course, there are some people who can fulfill both roles very well. They produce financial statements from a pile of receipts, then use them to advise on dividends, tax planning and corporate structures, among other areas. I may be going out on a limb here, but in my experience, people who can do both, enjoy doing both and have time to do both, are in the minority.

Discussions in my own network prompted the following thoughts from accountants:

- “Good bookkeepers make sure everything is bang on – to the penny. They make sure they’ve captured everything available. Accountants are more interested in the overall perspective.”
- ‘We can’t possibly go into the detail on every file the way a bookkeeper can. If there’s no bookkeeper involved throughout the year, it means much more work for us.’”

Most accountants freely admit that bookkeeping is neither their strength nor is it how they want to spend their time. They are much more interested in the big picture and can’t really devote themselves to a year’s worth of debits and credits. Also, they’re probably more proficient tax software than in bookkeeping software.

Likewise, bookkeepers can build accurate financial statements, but are not really the experts in looking at all of the combined sources of income and assets to give tax advice. That’s best left to a qualified accountant.

How can bookkeepers be the perfect partners to an accountant? By making sure a file arrives on their desk with all asset and liability accounts reconciled, revenue and expenses posted correctly, and most importantly, retained earnings unchanged from the previous year. Ideally, the accountant will be immediately able to sit down with the business owner and discuss year-end strategies. A perfect file would have less than five year-end adjusting entries.

Similarly, an accountant can do many things to assist the bookkeeper. Being available for guidance and advice on compliance issues throughout the year is invaluable. Also, feedback at tax time will help reduce future year-end entries. The best accountants I work with contact me before they do the year-end entries to tap into my knowledge of the file and ensure their accounting entries won’t mess up my bookkeeping!

In the end, the real winner when bookkeepers and accountants work in harmony are the business owners. They can get on with running their business while a professional partnership takes care of the finances!

About the Author

Elaine has more than 30 years of accounting and bookkeeping experience and a strong interest in using innovations in technology to maximize efficiency and reduce data entry. This, along with a passion for small business & entrepreneurs means she can quickly get to the “fun part” of helping owners understand their financial reports so that they can make better informed decisions about their company. Elaine is very community and family-oriented. She also enjoys barbershop singing and is a member of the Capital Chordettes.

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