

# Small to Medium-Sized Businesses And Their Financial Statements

Prepared by Glasgow Knight Financial PLLC



**GLASGOW KNIGHT**  
Financial Well-Being, Reimagined

# Dangerous Trends in the Marketplace

- Independent research shows that almost half of small businesses (45%) employ neither an accountant nor a bookkeeper. All they've got to show for their business financials is their bank or credit card transactions\*.
- One-quarter of small businesses (25%) still record their finances on paper, instead of doing so electronically.
- Over half of small businesses (53%) use an accounting software solution, such as QuickBooks (online and desktop, 74%), Microsoft Dynamics GP (6%), or Xero (4%).



# Automation (or Not?)

- None of the software solutions listed above are able to take bank or credit card transactions and compile them into financial statements.
- All of those software solutions require time-consuming, manual assignment of bank transactions to proper accounting categories or they require human beings to “train” machines to recognize patterns in future bank transactions. Case in point – QuickBooks online, the most popular software solution on the market.



# Shoebox of Receipts

- Our internal surveys indicate that accountants who take on new clients are poorly equipped to handle this issue.
- Most bookkeepers and accountants rely on Microsoft Excel's *vlookup* formulas and manual sorting and filtering of clients' data to compile their financial statements, a time-consuming and error-prone process.
- Three in five accountants we surveyed stated that they refused to do compilations for prior periods of their new clients and only choose to “do the books” on a going-forward basis.

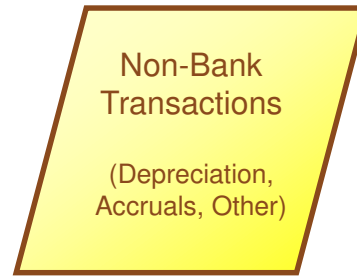


# Solution

- Glasgow Knight Financial offers financial statement compilation service to businesses and accounting service providers:
  - We take clients' bank and credit card transactions and compile them into properly prepared sets of financial statements without any other prior accounting work done by the clients.
  - For clients with inventory, property, plant, and equipment, loan balances, and those who require accruals at period-end, we assist with ensuring that their balance sheet amounts are properly reflected at period-end.



We take input provided by the clients, consisting of the following:



and with the help of state-of-the-art machine learning, automation and highly-trained staff produce compiled financial statements, examples of which include a properly-compiled Balance Sheet and a Profit and Loss Statement.



## Statement of Financial Position (Balance Sheet)

Target Enterprises Inc.

(C Corporation For Tax Purposes)

For the Reporting Period From 7/1/2020 To 6/30/2021

	Beginning Balance	Period Change	Ending Balance
<b>Assets</b>			
<b>Current Assets</b>			
Checking Account	\$16,653.67	\$66,597.73	\$83,251.40
Inventory and LT Supplies	\$225.00	\$0.00	\$225.00
	\$16,878.67		\$83,476.40
<b>Fixed Assets</b>			
Furniture & Fixtures	\$6,770.00	\$0.00	\$6,770.00
Capitalized Equipment	\$143,150.05	\$0.00	\$143,150.05
Buildings	\$398,667.00	\$0.00	\$398,667.00
Accumulated Depreciation	(\$88,416.22)	(\$18,495.00)	(\$106,911.22)
Land	\$0.00	\$100,000.00	\$100,000.00
	\$460,170.83		\$541,675.83
<b>Total Assets</b>	<b>\$477,049.50</b>		<b>\$625,152.23</b>
<b>Liabilities and Owner's Equity</b>			
<b>Current Liabilities</b>			
Notes and Credit Cards Payable	\$1,034.00	\$1,787.01	\$2,821.01
	\$1,034.00		\$2,821.01
<b>Long Term Liabilities</b>			
Notes Payable (Long-Term)	\$250,000.00	\$0.00	\$250,000.00
	\$250,000.00		\$250,000.00
<b>Other Liabilities</b>			
Other Liabilities	\$13,191.56	\$0.00	\$13,191.56
	\$13,191.56		\$13,191.56
<b>Owner's Equity</b>			
Owner's Equity - Contributions	\$164,683.94	\$132,094.44	\$296,778.38
Owner's Equity - Withdrawals	\$0.00	(\$85,470.10)	(\$85,470.10)
Retained Earnings - Current	\$48,140.00	\$99,691.38	\$99,691.38
Retained Earnings - Prior	\$0.00	\$48,140.00	\$48,140.00
	\$212,823.94		\$359,139.66
<b>Total Liabilities and Owner's Equity</b>	<b>\$477,049.50</b>		<b>\$625,152.23</b>

## Income Statement (Profit and Loss Statement)

Target Enterprises Inc.

For the Reporting Period From 7/1/2020 To 6/30/2021

	Prior Period Ending 6/30/2020	Current Period Ending 6/30/2021
<b>Income</b>		
Service Revenue	\$169,000.00	\$165,369.43
<b>Total Income</b>	<b>\$169,000.00</b>	<b>\$165,369.43</b>
<b>Expenses</b>		
Cost of Goods Sold	\$18,168.00	\$5,653.70
Advertising and Marketing	\$998.00	\$941.78
Auto Expenses - Fuel	\$5,882.00	\$3,434.90
Auto Expenses - Tolls	\$1,115.00	\$521.96
Auto Expenses - Parking	\$314.00	\$189.70
Auto Expenses - All Other	\$0.00	\$68.00
Contract Labor Expense	\$16,779.00	(\$5,240.00)
Depreciation Expense	\$0.00	\$18,495.00
Business Insurance	\$1,104.00	\$881.00
Legal and Accounting	\$350.00	\$1,281.60
Office Supplies, Postage	\$8,117.00	\$9,858.06
Supplies, Gear, Work Tools	\$4,990.00	\$3,022.50
Office Rent	\$14,600.00	\$0.00
Other Rentals	\$5,770.00	\$312.80
Repairs & Maintenance	\$8,917.00	\$1,982.13
Taxes and Licenses, Permits	\$1,784.00	\$1,861.35
Travel	\$2,113.00	\$1,956.89
Meals - Restaurants	\$6,778.00	\$5,816.27
Meals - All Other	\$373.00	\$524.32
Utilities, Telephony, GPS, Communications	\$0.00	\$4,701.63
Other - Dispatch, Broker Fees	\$0.00	\$1,770.00
Other - Taxicabs	\$114.00	\$99.79
Other - Uniforms	\$199.00	\$160.00
Other - Dues and Subscriptions	\$0.00	\$189.01
Other - Compliance, Security, Recruiting	\$3,448.00	\$615.12
Other - Information Technology	\$15,000.00	\$5,427.91
Other - Bank Fees, CC Charges	\$1,776.00	\$636.84
Other - Business Gifts	\$175.00	\$0.00
Other - All Other Business Expenses	\$1,996.00	\$515.79
<b>Total Expenses</b>	<b>\$120,860.00</b>	<b>\$65,678.05</b>
<b>Profit / (Loss)</b>	<b>\$48,140.00</b>	<b>\$99,691.38</b>



# Pricing and Frequency of Work

- Our pricing is straightforward and consists of:
  - One-time set-up fee, *and*
  - Per transaction fee.
- Financial statement compilations can be done for any desired reporting period (monthly, quarterly, etc).



# Our Contact Information

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