

Getting the most out of time

Bookkeeping, it is a chore that most family business owners have to submit to on a regular basis.

Tired, drained, worn out, after a busy day of 'real' work? Is it BAS time again and you are a few months overdue with your bookkeeping? It might be time to consider hiring a bookkeeper.

What can a bookkeeper offer your business?

A professional bookkeeper can offer you more than just data entry to satisfy ATO requirements. They can keep you informed about what is happening in the wider business community. One of the most common mistakes when hiring a professional bookkeeper is not taking full advantage of their experience and knowledge. A bookkeeper talks to many business owners and accountants. Ask them for tips of how other clients conduct their advertising, source referrals or reduce their costs. You will be surprised by the answer.

Did you know there are different types of Bookkeepers?

Not all bookkeepers offer the same services. Good bookkeepers should be skilled in:

- Basic data entry into a computerised system such as MYOB or QuickBooks. (A good bookkeeper will be familiar with both systems).
- Keeping track of your sales invoices and customer payments. They should tell you when your customers are not paying on time. (By not paying you for 60 or 90 days your customers could be using your money to fund their overseas holidays).



- Keeping track of your purchase invoices and telling you when to pay your bills. (If you have 30 days credit terms why pay sooner? Or make sure you get that prompt payment discount.)

Payroll, they should keep track of sick and annual leave accruals as well as superannuation and payroll tax. There will not be any excuses for your staff not to have a payslip.

- Budgeting, they should help you to set up a budget and every month run a report comparing your actual figures to budget. Remember to identify areas for improvement and act on them.

How do I know if my bookkeeper is going to do the job correctly?

This is one of the more commonly asked questions and there are many ways to answer this dilemma. Some general rules:

- Define what duties your bookkeeper must perform. A good bookkeeper should provide you with a clearly defined scope. Ask them to give you an engagement letter outlining all their services. It will help you in deciding if your future bookkeeper really understands your business and your requirements.
- If you do not have set standards for your bookkeeper, you have nothing to measure them by. Remember, you can only manage what you can measure. For example, some business owners require their bookkeeper to do bank reconciliations within seven days of receiving the bank statements. They also want to see management reports soon after, to make crucial business decisions.

You should also have a complete copy of the bookkeeping file at the end of every accounting period (end of month). After two months ask your accountant to have a look at the

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bookkeeping file. They can automatically tell you if there is a problem.

Gain more out of your Bookkeeper.

A good bookkeeper will help you in implementing business systems and procedures. If you have a problem with late payments put a formal system in place. (Write it down). When debtors are more than 30 days overdue the bookkeeper should call the customer and ask them if they misplaced their copy of the invoice. Follow up with a more formal phone call in seven days. Once the debt reaches 60 days use the services of a debt collection agency. I know it sounds rough, but managing your cash flow is one of the most important aspects of running your business.

Remember...

With a consistent person performing all the financial recording you will get reliable and accurate financial reports. You will be free to run your business, focus on delivering a high quality product, knowing that your financial health is taken care of. 📞

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