

The Institute of Certified Bookkeepers

Newsletter

September 2008

A PDF copy of this newsletter is available, [click here](#)

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BOOKKEEPER LOSES COURT CASE

In a recent court case an accountant teamed up with the client taking the bookkeeper to court for errors that should have been found, arguably, by the accountant. What this highlights is the need for bookkeepers to have appropriate documentation and appropriate written records of all facets of what you do:

- 1) Engagement letter confirming what you have been contracted to do
- 2) Visit reports that state what you achieved, what questions you have left with them, what work is yet to be done and states the instructions you have received from the accountant or the client and followed
- 3) Your invoices should not only include hours by rate but should include description of work completed

Templates of these reports, letters are provided as part of your member resources and are available to members on the ICB website.

Put yourself beyond question and document yourself beyond legal question.

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NEW “BAS AGENT” LAW is getting closer

The legal bill to bring in the new legislation behind many bookkeepers/consultants becoming “REGISTERED” as “BAS Agents” is closer to reality. It is listed as a bill proposed to be tabled into parliament during the current spring session of parliament.

Download a copy of the full list [here](#)

Tax Agent Services Bill Tax Agent Services (Consequential Amendments and Transitional Provisions) Bill - implement a new legislative regime for tax agent services Reason for legislation: to create an improved environment for the provision of tax agent services Link to announcement:

[Joint Press Release of the Treasurer and the Assistant Treasurer and Minister for Competition Policy and Consumer Affairs No. 053 of 13 May 2008](#)

New system timetable is likely to be
(Full details of the requirements etc. [provided here](#))

- 1) Legislation tabled into parliament Spring 2008
- 2) Legislation passed during Early 2009
- 3) New Tax Board to be appointed
- 4) Tax Board to provide definite direction on a large number of items before the law can start
- 5) Start date will be 6 to 9 months after legislation is passed :- so starts maybe as of 1/7/09 or 1/1/2010
- 6) Following start date in order to continue providing BAS services
 - a. You will not need to register immediately (2 years of transition period)
 - b. You will need Professional Indemnity Insurance (see below for questions to ask)
 - c. You will need to adhere to the code of conduct specified in the law (for an explanation of this code as provided in the draft, [click here](#)).
- 7) Consider registering early, but definitely within 2 years
 - a. You will need to prove current competence
 - b. You will need to prove relevant experience
 - c. You DO NOT have to have Cert IV (yet)
 - d. You cannot register yet!
- 8) Your first registration will be a minimum of 3 years in duration
- 9) Renew your registration
 - a. Must continue to have relevant experience
 - b. Must continue with all other obligations
 - c. Must have a formal current qualification:
“has been awarded at least a Certificate IV Financial Services (Accounting), or a Certificate IV Financial Services (Bookkeeping), from:
 - (i) a registered training organisation; or
 - (ii) an equivalent institution;
that required the successful completion of a course in basic GST/BAS taxation principles;”

Please note that we do not yet have certainty as to what “course in basic GST/BAS taxation principles” will be accepted by the yet to be appointed tax board. It may well be the units included in the current education qualifications but we just don't know.

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Top questions to ask about potential professional indemnity insurance policies

PLEASE NOTE: Every member in practice is required to hold Professional Indemnity Insurance and the ICB have worked with brokers to provide a policy that we believe is in your best interests and protects you correctly. However, the yet to be appointed tax board will be setting guidelines about the type and levels of PI insurance – nobody yet knows what that will be, ICB has joined with other sectors of the bookkeeping profession to recommend the appropriate PI for our industry. Your key question today is 'are you covered in the way you need to be and for all costs of defending an action?'

These questions are aimed to provide you with the information to know the answers and be comfortable with what you are getting!

1. Does the policy cover every aspect of your bookkeeping/consulting business?

It needs to include that you provide all aspects of bookkeeping work from set up and install of accounting software and systems, both manual and computerised. Setup may include debtors, creditors, stock, chart of accounts and payroll. It needs to include that you provide processing services being everything from entering invoices and payments into the system, performing payroll calculations and making payments. It needs to include that you may set up the format of sales invoices and then create invoices. It must include that you perform bookkeeping reconciliation duties in relation to bank accounts, loan accounts, credit cards, petty cash, inter company loan accounts. It must include that you perform end of month or quarter reporting work including provision of information that may be used for preparation of the business Activity Statements. It must include that you provide services preparing the information at the end of the year for provision to the accountant. It must include work you do to reconcile the payroll records and prepare payment summaries for the employees.

It must include work you do as a "BAS Service Provider" or providing "BAS Services" under the current legal obligations of Sn 251L.

It must include work you will do as a BAS Agent under the proposed revised law.

2. Is there any bookkeeping/administrative/accounting duty or role you may do for a client that the policy does not cover?
3. You have employees that work for you providing these services to the clients – are they covered? How do I get them covered at what cost?
4. You have contractors that work for you providing these services to my clients – are they covered? How do you get them covered at what cost?
5. You may work at your premises or your home or at the clients premises – are all these locations covered including any employees or contractors?
6. How is the premium calculated i.e. on level of turnover or on what other factor?
7. Given your level of turnover of \$_____ what is the all up all costs included total premium you will pay. (i.e. don't exclude stamp duty or any levies etc)
8. At what level of turnover do I need to advise you and therefore if there is a premium adjustment what is that adjustment likely to be?
9. Is this policy just your policy or is it linked to others in some way? (i.e. is it a grouped, pooled or master policy and what do each of those mean? How are they different from a standalone policy issued to just you?)

10. Are all and every type of legal costs and any persons charges to you for helping you in defending any action, and any penalty, interest, damages claim covered by this policy and to what extent?
11. You could be sued for penalties and interest charged by government or for damages to a client – are all these covered in every extent? Is there any limitation to what is covered?
12. Are your costs of defending an action included in the cover level or are they in addition to the level of cover? (i.e. You have a \$250k level of PI cover, does that include legal costs or are legal costs also covered by the insurance but are paid in addition to the \$250k level)

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Top Questions to ask your Certificate IV in Financial Services (Bookkeeping) provider

When you are evaluating which Certificate IV provider to use you should ask the following questions

1. Given my experience and qualifications, how would I now best approach obtaining my Cert IV with you?
2. What is that approach – Assessment? RPL (Recognition of Prior Learning)? Full course?
3. Is it a one type fits all course or is it tailored to work with who I am and what I can already prove etc?
4. What is the initial cost for entering that process? Assuming I follow through on any gap education with you what is the maximum amount I would need to pay to obtain Cert IV
5. Over what time period am I allowed to undertake the process?
6. How many hours both in the classroom and assignment or other hours outside of the classroom?
7. What style of Gap education – distance education or classroom or...?
8. If it is by assessment exactly what is the process if I don't pass some areas the first time?
9. Following initial assessment or RPL: Can I be provided with a "Certificate of Attainment" or similar and obtain that education elsewhere?
10. If by classroom – what style of classroom courses do you offer i.e. how many hours in how many days per week? (2 days per week for 16 weeks? / 1 day per week for 19 weeks? / 200 hours over 6 months?) any other options
11. Do we need to meet in an interview face to face or are we able to conduct any interview by distance?
12. What is your preferred method of providing Cert IV? Why?
13. How does your RPL process work? I may need to start and stop – how does that fit in?

Check out our [Whitepaper Guide](#) for explanations on methods of obtaining Cert IV and also the providers we have found that are set up to work with experienced bookkeepers!

ICB has researched all providers of the Certificate IV in Financial Services (Bookkeeping), that research is provided in the above whitepaper.

We have found 5 Training Organisations providing the Certificate IV Bookkeeping that we believe you should consider.

For full detail, [click here](#)

Shortly ICB will provide course alternative recommendations ie which type of course provided by which RTO suits which type of person.

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MYOB Workshops Perth and Adelaide

FOUR DYNAMIC DAYS of Hands-on, Jam-packed full of practical and exciting and wondrous workshop sessions.

In the tradition of our successful workshops from 2007, the My Consultant team introduces:

2-days of FANTASTIC workshops for MYOB **Certified Consultants and Bookkeepers in Perth and Adelaide** only

Sample Session Agendas include:

How To ?? sessions – Smart ways of doing things in MYOB

Adding Value to your Consulting Time sessions – lots of little gems!

Know Your Stuff! Sessions –

Working Salary Sacrifice with MYOB

TimeSheets – getting the data in!

Time Billing – an analysis

Inventory – variations on a theme (reporting and different uses for Inventory)

Remote Desktop Plus – running better on Thin Client Technology*

Extending MYOB – add ins you can use.

Marketing – something different in using MYOB to manage your customer/business relationships

*Including Terminal Services, Remote Desktop Plus and XPUnlimited.

FULL AGENDAS ON THE WEBSITE: www.myconsultant.com.au and click the Aussie Flag.

8.45 am to 4.30 pm each day.

Perth:

Wednesday 17th and Thursday 18th September

at the Kings Grill Room, The Kings Perth Hotel, 517 Hay St (Cnr Pier St) Perth

Adelaide:

Wednesday 24th and Thursday 25th September

at The Pulteney Road, The Astor, Cnr Pulteney and Gilles Streets, Adelaide

BOOK HERE: www.myconsultant.com.au and click the Aussie Flag.

Enter *perthb* as the password for **Perth** bookings

Enter *adelaideb* as the password for **Adelaide** bookings

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GST on deposits - cash basis

The Tax Office has issued a ruling on deposits that demonstrates just how complicated a supposedly simple law can get.

Unfortunately, the problem it highlights is that, sometimes, deposits that are too high are not 'deposits' for GST purposes. If it's not a deposit, the business may have to pay GST to the Tax Office on the full purchase price of the goods sold in their next BAS. That can create real problems.

Deposits and the GST

If a business receives a deposit, as such, there is normally no GST payable until the sale goes through or the deposit is forfeited.

However, if the amount paid is not a 'deposit':

- for suppliers that account on a non-cash basis, the whole of the GST is attributable to the tax period in which the 'deposit' is received; and
- for suppliers that account on a cash basis, GST is attributable on the amount of the 'deposit' received in the tax period.

A deposit must be reasonable

For a deposit to be what is called a "security deposit" for the purposes of the GST, the amount of the deposit must be reasonable.

It is the ATO's view that for a deposit that exceeds 10% in a purchase contract to be accepted as a security deposit, suppliers must be able to show that they are at a higher risk of significant losses in the event of default.

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Promote your business on the Victorian Government's 'Find an Adviser' database

The Institute of Certified Bookkeepers (ICB) invites you to be part of a project in partnership with Small Business Victoria. 'Find an Adviser' is a searchable database of accountants, lawyers and business advisers, and we would like to offer all Victorian-based ICB members, who hold a current Practising Certificate and also hold current Professional Indemnity Insurance, who provide business or bookkeeping services the chance to promote their business as part of the database.

Small Business Victoria appreciates the important role bookkeepers play in providing the information and assistance business operators need to run a successful business, and is keen to support businesses in accessing these services to improve their business management.

Every month over 100,000 people visit the Small Business Victoria website, seeking information to help their business. A significant number of these visitors seek help with tax and regulatory management matters, as well as broader financial and business planning issues. 'Find an Adviser' is available to visitors via the website (www.business.vic.gov.au).

The database uses lists of qualified practitioners provided by professional associations within law, accounting and other business services. It is free for you to join the database. Contact admin@icb.org.au for further details and a Find an Adviser membership form.

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Behaviour of the month

We are presenting this section to you (and will continue to do so in forthcoming newsletters), to highlight the Institute's Professional Code of Conduct.

In Society a bookkeeper has a special role. Trust in the accounts and books of businesses and individual's is dependent on the bookkeeper's truthful, careful and diligent making and keeping of records. The purpose of these rules is to provide standards of conduct for members of the Institute of Certified Bookkeepers which are appropriate to their conduct in their employment and practice and the preservation of the dignity of their profession.

Members in Public Practice

22. A member may supply bookkeeping services to the public provided that:-

a. he is qualified so to practice and holds a current practising certificate granted by the Institute

b. he holds a valid policy of professional indemnity insurance against claims for professional negligence together with insurance of not less than \$250,000

23. A member should not undertake work for a client in which he has a significant pecuniary interest or where the interests of him and his client conflict

24. A member entitled to provide bookkeeping services to the public may engage in any advertising or promotion provided that:

a. it conforms with the Australian Code of Advertising Practice

b. it is not inaccurate or likely to mislead

c. it does not make comparisons with any other bookkeeper or accountant and it does not contain any derogatory remark or suggestion about any other bookkeeper or accountant

25. A member shall make and keep in place adequate provisions and arrangements for the continuation of his practice and the protection of his clients in the event of his death, illness or incapacity.

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Regional Network – Upcoming Meetings

Toowoomba (Qld)
11th September, 2008

9.00am

Where: Café Valetta
96 Margaret Street
Toowoomba East

[Register here](#)

Balcatta (WA)
October 6, 2008

5.30pm - 7pm

Where: Unit 1, 14 Halley Road
Balcatta 6021

[Register here](#)

Hobart (Tas)
September 17, 2008

Breakfast meeting is scheduled for :
Wednesday 17th September 2008 at 8am—9:00am
The Mercure Hotel, Bathurst Street, Hobart

Morning coffee meeting is scheduled for :
Wednesday 17th September 2008 at 9:30am—10:30am
Onba Coffee House, Cnr Burnett & Elizabeth Streets, North Hobart

[Register here](#)

Gold Coast (Qld)
September 9, 2008

9am – 11am

You are invited to an informal morning tea

Where: River Springs Country Club
64 Gilston Road
Nerang

[Register here](#)

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Membership Benefits

This resource is for ICB Members only, Members will need to log on first

Cash Flow Spreadsheet - an Excel worksheet to assist in working out your client's cash flow. [Click here](#) to download the workbook and edit as needed.

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Latest News

- ◆ [BSPs are not registered under current legislation](#)
- ◆ [Employment termination payments - when an employee leaves guide](#)
- ◆ [Standard Business Reporting \(SBR\)](#)
- ◆ [LEGISLATION TO ENTER PARLIAMENT](#)

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What's new on the ICB Website

- ◆ [BAS Service Provider Newsletter](#)
The latest newsletter from the ATO, giving BAS service provider's relevant website updates, news and direct links and key dates for them and their clients.
[BAS Service Provider Newsletter Issue 17](#)
- ◆ [BAS Service Provider Newsletter](#)
The latest newsletter from the ATO, giving BAS service provider's relevant website updates, news and direct links and key dates for them and their clients.
[BAS Service Provider Newsletter Issue 18](#)
- ◆ [Free electronic calendar for small businesses](#)
A new electronic calendar from the Tax Office is now available to help small businesses better manage their tax lodgment and payment deadlines throughout the year.

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Membership Statistics

852 in total: 603 people maintain Affiliate, Associate, Member or Fellow membership (excluding our 92 Student members and 66 Subscriber members), there are 7 waiting for approval from the Admissions Board and a further 84 applications in progress.

Membership across Australia continues to grow at a very steady rate, we currently have 151 ICB members in Queensland, 74 in South Australia, 62 in Tasmania, 194 in Victoria, 81 in Western Australia, 12 in the Australian Capital Territory, 155 in New South Wales, 29 in the Northern Territory and 3 International members (2 in New Zealand and 1 in Malaysia).

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Renewals

Membership renewal continues to progress at around 85%, members realise the value and importance their ICB membership brings.

Membership renewals can be made at any time, otherwise we will let you know in the month prior to your membership expiring.

You can download a Member renewal form [here](#) and a Practising Certificate renewal form [here](#) and return to us by mail (Level 27, 525 Collins Street, Melbourne 3000) or Fax: 1300 85 73 93.

We have a Direct Debit facility available for those wanting to pay their renewal monthly. You will need to download the [Customer Service Agreement](#) and the [Direct Debit Request](#). File the Customer Service Agreement for your records and return the Direct Debit Request to us with your renewal. (Please note: if you elect to pay your membership on a monthly basis, you **are** committing to 12 payments – ie: you **cannot** cancel your monthly payments until the full 12 payments have been received.)

If you are having any problems regarding your membership renewal, please contact us. By working together we can overcome most issues and assist you in retaining your hard earned membership.

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