

The Importance of a Good Bookkeeper

There may be times during the running of your business that you need extra assistance to take some of the work load off your shoulders. There may even be tasks that you are doing yourself which you believe aren't being done to a good standard because of your lack of expertise in that field.

If this is all familiar to you, then you aren't alone: many businesses, particularly sole-traders, seek professionals to help assist them with operations in their business.

There are many types of professional services that you can use in your business that will assist in different areas and will range from Account Clerks to Graphic Designers. The following will detail perhaps the most common type of assistance - the Bookkeeper.

Bookkeeping

Good Bookkeepers can keep your business accounts up to date by recording all transactions and operations in the business. This will include constructing balance sheets, profit and loss accounts, cash flows, and any other financial statements that you require. Many bookkeepers now use computer software and therefore may help integrate this into your business if needed.

When looking for a bookkeeper you have to realise that many of them are in business for themselves. In most cases, you should also keep in mind that you shouldn't settle for a bookkeeper that isn't highly competent and experienced: being a bookkeeper doesn't automatically make them accredited.

To recognise that a bookkeeper is accredited, check that there are letters at the end of the bookkeepers name. Those Accredited Bookkeepers with the Institute of Certified Bookkeepers will have FICB, MICB or AICB following their names. These will be the bookkeepers that you should be interested in. These people have proven their competence and experience to achieve the status of 'Accredited Bookkeeper'. (Just to make it clear, the initial 'F' stands for Fellow, the 'M' stands for Member and the initial 'A' stands for Associate).

The importance of using someone who is accredited will become clear when those who aren't, are restricted by law concerning what they can do. New legislation currently before Parliament states that to provide a BAS service a bookkeeper must be competent, accredited and a 'fit and proper' person, all members of the Institute of Certified Bookkeepers have already proven this and when the legislation become law, they will be amongst the first to achieve BAS Service Provider status from the ATO.

It may be that you don't need an accredited bookkeeper and that someone with the skills and capability of performing the task to a satisfactory standard is acceptable to you. This may be occasional bookkeeping which you need simply for guidance purposes and the accuracy of the task won't determine a business failure or major problem. If this is the case, then it would be a better option as it will involve less cost, but determine the importance of the job before you make a decision. A bookkeeper who 'does your books' is not conducting a bona fide audit and it is you (the business owner) who will be responsible for the annual accounts produced.

Looking For a Bookkeeper

When you look for a bookkeeper, the best source for referrals will come from business contacts as they will be able to recommend firms from previous experience or word-of-mouth. By looking in telephone directories such as the Yellow Pages, you will find a list of bookkeepers although you will have limited knowledge of their reputation. You may also decide to contact the Institute to find out if any bookkeepers that are registered to them are in your area:

- [Institute of Certified Bookkeepers](#) – 1300 85 61 81

Our bookkeepers usually deal with small to medium size businesses in all industries.

Choosing a Bookkeeper

There are many factors that you need to consider when choosing a bookkeeper that is right for you. Have about three or four short listed so that you can compare between them and therefore not have to rely on one bookkeeper claiming that they offer the best service. Before you proceed to find out more about the bookkeepers, be sure that they are interested in your business by briefly stating its size and the work involved. If they aren't, at least they have done you a favour by not wasting your

time.

To find out more about the bookkeeper, you should arrange to meet them (at least twice) so that you can ask them questions and state the conditions and finer details of the work involved. The bookkeeper will want to ask you questions which will further determine their capability in doing the job.

If there is more than one person in the firm, then find out about them all and which areas they specialise in. Clarify how many businesses they have dealt with that are similar to your business in both size and industry. This will determine their experience and give a situation where you can consult those businesses for a reference. Find out the availability of all the people that will have some input in your business to be sure that you will have the assistance and support when it is required.

You should also determine their efficiency at getting things done: will they produce immediate results or will they require a period of time? Can they offer you further assistance that will give you value-for-money such as follow up advice? Be cautious of those bookkeepers that claim they are experts in all fields: this is very uncommon today, particularly at the rate that business is changing. Those bookkeepers that will be more useful will insist on including other professional assistance if required.

You may not feel you can ask the above points, but do ask some specific ones that concern your industry: this will help with specific allowances and result in less time being billed to you. The most important thing to remember is if you're not completely happy - **keep looking!**

The Costs of a Bookkeeper

Bookkeeping fees will vary depending on the work involved and the size of your business but are usually paid in either of two ways and sometimes even both. Firstly, bookkeepers can be paid hourly and the bookkeeper may well use a higher rate at what they normally pay them to make a profit and cover any costs involved. Secondly, bookkeeper may issue a fixed fee for a period (say, a month) and is arguably seen as the better method of the two. This is even more beneficial if the bookkeeper offers free advice during this time.

When considering costs, take note of the office environment and operations of the bookkeeper as expensive offices can lead to expensive fees.

Costs are something that should be discussed when you visit the bookkeeper before making a final decision on which one to use. Get them to provide an estimate of the fees and put it down in writing. Identify if any additional costs will be added to this fee such as travel costs, telephone bills, etc.