

Minimising Accounting Costs

Hi, we would like to take this opportunity to provide you with information that will assist you in minimising accounting costs. Especially now that the GST has created the need to maintain better records and the requirement for more regular reporting.

Firstly it may help if you understood the process which is undertaken by the team here at Della & Associates to complete your job. Some common questions that you have asked are as follows:

1. How do accountants charge?

All Accountants charge by time. The longer it takes to prepare your Return the dearer it's going to be. Some businesses sell hamburgers. Real Estate Agents get paid commissions, and ACCOUNTANTS SELL TIME. The more presentably you submit your accounts, the quicker we get it done, and the more cost effective it is. We only have 8.0 hours per day to sell and we would not be in business if we gave our product away.

2. Can you give me a quote for the job?

Just like its impossible to quote a building job over the phone without looking at the plans, or value jewellery over the phone, it's not possible to know how long any accounting work might take.

Two sets of books for the same business can take twice as long for one set as for the other depending on how the books are presented. Please work with us to try to minimise the time, hence the cost. Ask us for a more efficient way of presenting your books. The more you do the less it will cost. Make sure everything is there. Should the accountant pick up and put down your work waiting for missing information the more it will cost and the longer it will take.

We do enter into Fixed Price Agreements which we stick to and honour for one year or one assignment - and then we re-negotiate annually.

3. Why is my bill so much more this year than last year?

Basically three reasons

1) There is a lot more work this year. Example: could be an extra lease or turnover / activity has gone up, extra things you required us to do. Capital gains tax calculation, sale/purchase of business. Purchase a new investment property, GST or BAS advice.

2) Increase in our charge out rates as our labour costs are going up every year.

3) Due to missing information. If information is missing your accountant will leave the job, pick up a new job and will not come back until the current job is complete. The more often a job is put down & picked up the more time is added to the job.

It is in our interest to complete the job quickly so we can get onto completing the next job. We earn the same amount of money and have a lot more happy clients.

4. The MYOB/QuickBooks salesman said that the software should reduce my accounting costs but it's actually doubled (in some cases tripled)?

Basically garbage in, garbage out. It takes much longer to sort out garbage.

The most frustrating thing (and every Accountant says the same thing) is when a client gives you a years computer printouts (after spending hours getting it to this stage) and we have to spend hours and hours sorting out the mess. Efficient computerisation of your accounts depends solely on the operator. If the operator is good then it would definitely reduce time.

However if the operator is not good then it takes a lot more time to sort out the mess.

5. Does my income tax return get reviewed before I receive it?

The Accountant processes all the accounts and produces a draft set of accounts. He/she then goes to the Associate who completes a 37-point checklist to confirm the integrity of the return. The Partner and the Client Manager discusses the Tax Planning. It's this tax planning session that could save you thousands in tax. The partner spends quality time and the accountant spends quantity time. The accountant then finalises the accounts according to the Partners instructions. Sometimes the client is called in to discuss various problems or look at options. These processes are designed to minimise the costs to the client and maximise the benefit.

6. I asked you to run your eye over this document and you send me a bill

Don't forget our business is to sell time. If the task takes less than 5 minutes (like a phone call) then it's done for free. More than 5 minutes its charged (including phone calls). We only have 8 hours per day to sell. If we give it away for free we would not be in business and be able to offer our services.

7. Are there cheaper accountants than Della & Associates?

The only ones that are cheaper are the one-person operators working from home. However what you get is simply a bookkeeping service and he/she will be unable to provide strategic solutions to particular problems. He/she will not have the resources to keep at the cutting edge of tax changes. What you save is a few dollars in Accountant fees could cost you thousands in lost tax benefits and the benefits of an integrated service.

Like most other businesses, to be in business you must make profit, the average net profit of Accountancy firms is around 20%. Therefore if the client receives an account for \$1,000, the net profit on the job after wage costs, rent, insurance etc is \$200.00.

8. Why has the job taken so long?

- a. In the peak period it will take longer.
- b. Missing information will delay the job.

In the PEAK PERIOD between August and March the turn around time may stretch out to 2-3 months or more, as every one wants their work done in this period. Every Accountant in Australia is in the same boat. So please be patient in this period.

In the OFF-PEAK PERIOD between April and July turn around time drops back to a few weeks.

Just like there are peak and off peak periods for holiday accommodation every Accountant is in the same boat. So be prepared for delay in the peak period

between August and March. Remember how hard it is to get accommodation during school holidays.

11. Paying accounts on time.

Please help us provide you good service by paying your accounts on time. Without payment we cannot provide the resources to give you prompt service. Some clients take a long time to pay but expect us to drop everything and attend to their needs immediately. It must be a two way street.

Our payment terms are strictly 14 days, unless alternative arrangements have been structured.

Firm Policy is that no further work is to be carried out for a client, if there are accounts for which the date for the payment has been passed and no payment has been received by us.

Our methods of payment are:

- > Cash;
- > Cheque;
- > BankCard;
- > MasterCard;
- > VISA;
- > Direct Bank Deposit;
- > EFT - Electronic Funds Transfer

You have to get the best service possible and we have to be given the opportunity to provide it within the constraints available to us.

In Summary

10 Steps to help you minimise accounting costs

1. Efficient computerisation - make sure that you understand the computer packages you buy.
2. Provide all the information in the first instance.
3. Summarise and reconcile as much as possible.
4. Explain any unusual events at the initial meeting with your accountant.
5. Ask yourself the question "can I attend to this without contacting my accountant" i.e. sometimes you may contact us to fax copies of documents which you may already have in your possession. E.g. Tax Returns.
6. Discuss with us areas that can be improved or work that you can do to present the job better.
7. Use the Secretary for secretarial matters and not the partners.
8. Provide missing information quickly.
9. Do most of the running around yourself e.g. calling banks / solicitors, collecting statements etc.
10. Use e-mail and our website to ask for answers to questions. If you don't have email, contact us because we can arrange a solution.