

# Accidental Advice

Many bookkeepers began their career accidentally. We were in the right place at the right time with a skill and an inclination to help businesses do business.

Many bookkeepers already accidentally or deliberately provide advice to business owners and operators about what is going on in the business and what might help that business.

## Start advising

The first easy step is to provide information and comment on areas of compliance that we assist with: Especially when you see an area that you are not sure they have right so asking questions and talking through fact sheet based information can lead you into “Advice” based discussions.

## A strategy to assist

1/ Understand the business: What they do and how they are doing it

2/ Understand how they are doing the Bookkeeping side of the business:

- How they interact with the bank (receiving money and spending money),
- How they interact with Clients and Suppliers,
- How they record what has been happening,
- What accounting software and how they use it.

3/ Consider how to improve their processes:

- Identify which of the above processes could be improved
- Prioritise that list for areas that you want to progressively talk to the business about
- Obtain fact sheets or explanations and formulate how to ask the question

This step is about raising the issue and obtaining the business inclination and commitment to improve what they are doing. It is not about you spending a lot of time that may or may not be valued by them. It is essential that you engage the business in process improvement by providing them with the impact to them, the benefit to them, the cost to implement.

Process:

Date:

Current System:

Costs:

Time:

Potential Improvement:

System:

Costs:

Time Change:

Time to implement:

Recommendation:

4/ Perpetually identify areas of their “compliance” that require questions to be asked.

This is about the areas of compliance that you may be involved in (GST, Payroll , Fair Work, etc) or that you observe and have questions about how the law is being applied in that business

Topic:

Date:

Current Treatment:

Question:

Information attached (ICB Fact sheets / ATO Fact Sheets / Fair Work (EI)) etc

Resolution: (Which may include no further action)

## Business Performance

Potentially a harder area to engage due to risk of offending or stepping on toes.

For some, this maybe something you are not comfortable embracing.

ICB challenge you to contemplate using contemporary tools to begin asking the business questions. You may or may not then be part of the conversation.

## Reports generate discussion

### Verification and Accuracy

At a minimum the bookkeeper should be providing a statement to Business that the Bookkeeping is uptodate and accurate. These could indicate areas of issue or where time is being taken to rectify issues and should definitely indicate where the “records” are not quite right just yet.

- Bank Reconciliation dates
- Verification of all balance sheet accounts reconcile etc to detailed reports
  - o Accounts Receivable list matches the control account
  - o Accounts Payable list matches the control account
  - o GST liability account/s are able to reconcile to Activity statement disclosed liabilities
  - o PAYG Withholding reconciles to Activity statement disclosed liabilities

By Providing these reports we are showing the Business what you do and how accurate your work is.

Might be as simple as a copy of their Balance sheet with your annotations.

Balance sheet could be supported by other more detailed reports attached.

Noting that many business people will quickly stop reading or looking or not be interested, especially once you show competence over time.

Provide a regular statement back to the business about the status of your work. At least in conjunction with an Activity Statement period (ie monthly or quarterly)

## Operational

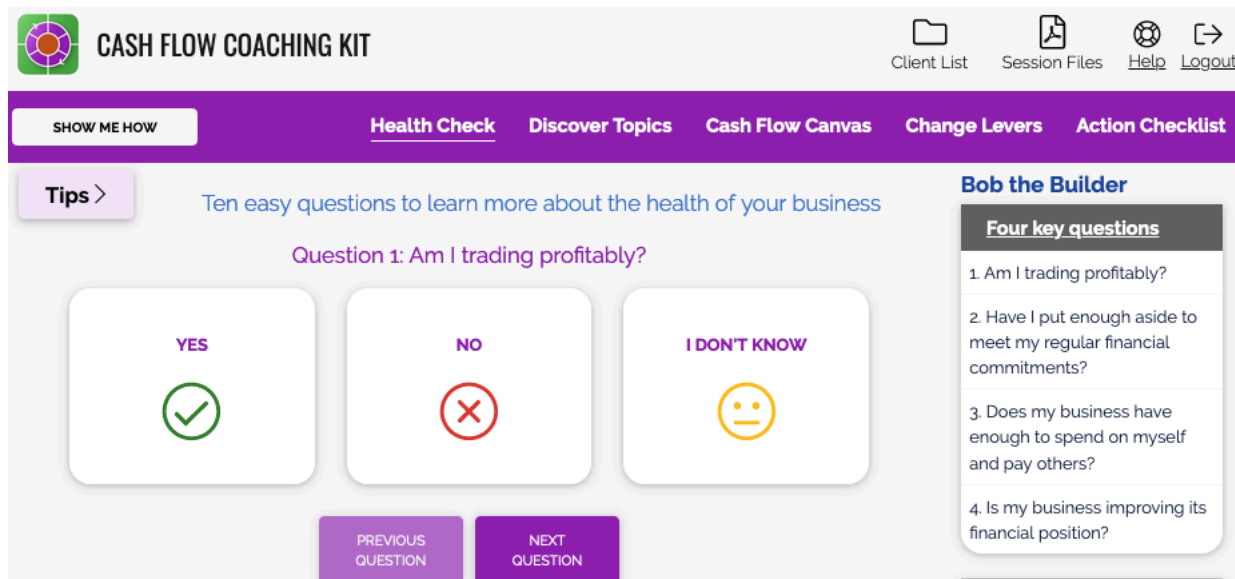
Each of our contemporary software (or add-ons) provide standard reports that can generate questions and discussion:

Accounts Receivable (Aged): Who owes and who isn't paying

Accounts Payable: Especially when cash is tight, engaging the business about managing those relationships

Balance Sheet: But now developing that report to indicate to the business their "Health"

Cash on hand	\$
+ Accounts Receivable (likely receipts this month)	\$
- Accounts Payable (required to pay this month)	(\$ )
- Activity Statement amounts to pay	(\$ )
- Superannuation to pay	(\$ )
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Cash Situation	\$
+ Immediate receipts (paid at time of sale)	\$
- Immediate supplier payments	(\$ )
- Wages	(\$ )
- Monthly Obligations (Rent etc)	(\$ )
- Other outgoings for the month	(\$ )
	-----
Likely position at end of month	\$



**CASH FLOW COACHING KIT**

Client List Session Files Help Logout

SHOW ME HOW Health Check Discover Topics Cash Flow Canvas Change Levers Action Checklist

Tips > Ten easy questions to learn more about the health of your business

Question 1: Am I trading profitably?


YES NO I DON'T KNOW

PREVIOUS QUESTION NEXT QUESTION

**Bob the Builder**

Four key questions

1. Am I trading profitably?
2. Have I put enough aside to meet my regular financial commitments?
3. Does my business have enough to spend on myself and pay others?
4. Is my business improving its financial position?


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Tips >

Your health check results on 4 Feb 2020

☹️

**How do you feel about planning your business?**

Unsure [LEARN MORE](#)

☹️

**How do you feel about understanding your cash flow?**

Unsure [LEARN MORE](#)

😊

**How do you feel about keeping your books and records?**

Confident [LEARN MORE](#)

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**How do you feel about meeting your regular financial commitments?**

Unsure [LEARN MORE](#)

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**How do you feel about funding your business?**

Confident [LEARN MORE](#)

😊

**How do you feel about tracking your business performance?**

Confident [LEARN MORE](#)


**Four key questions**

1. Am I trading profitably?  
Yes
2. Have I put enough aside to meet my regular financial commitments?  
Yes
3. Does my business have enough to spend on myself and pay others?  
No
4. Is my business improving its financial position?  
I don't know

## Future

What would you like to make? How much do you want to take out?

What are we going to do about it? How are we going to do that?


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Tips >

Enter simple figures to understand your cash flow

Canvas Type

Review
▼

Canvas Time Frame

Yearly
▼

Start Date

1/7/18

End Date

30/6/19

Opening Balance \$1,500

Your cash at bank at the start of the period

**Cash IN**

Cash received, or revenue, including GST (if applicable). This may be for services or sales. See Change Levers for ideas on how to improve your Cash IN.

Cash IN item 1	Amount (inc GST)	-
Income	\$135,000	
<div style="border: 1px solid #663399; padding: 5px; display: inline-block; color: #663399;">+ ADD NEW</div>		

GST on Sales
📦

GST amount: approximately 10% of your sales.

\$12,273

CALCULATE

📄

Total (exc GST) \$122,727

**Four key questions**

1. Am I trading profitably?  
\$31,817
2. Have I put enough aside to meet my regular financial commitments?  
\$4,183
3. Does my business have enough to spend on myself and pay others?  
\$33,317
4. Is my business improving its financial position?  
Compare two canvasses for different dates to find out.

**Control Panel**

📄 Copy Canvas

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### Cash OUT

All expenses, including GST (if applicable). See Change Levers for ideas on how to reduce your Cash OUT.

Cash OUT item 1	Amount (inc GST)	
Car	\$12,000	-
Cash OUT item 2	Amount (inc GST)	
supplies	\$45,000	-
Cash OUT item 3	Amount (inc GST)	
storage	\$12,000	-
Cash OUT item 4	Amount (inc GST)	
helpers	\$30,000	-

+ ADD NEW

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Total (exc GST) \$90,910

**GST on Purchases**  
GST amount; approximately 10% of your purchases.  
\$8,090

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**PAYG Withholding**  
PAYG you withhold for your staff.  
\$0

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**Super**  
Super amounts held for you and your employees for the future.  
\$0

### Bob the Builder

#### Four key questions

- Am I trading profitably?  
**\$31,817**
- Have I put enough aside to meet my regular financial commitments?  
**\$4,183**
- Does my business have enough to spend on myself and pay others?  
**\$33,317**
- Is my business improving its financial position?  
**Compare two canvasses for different dates to find out.**

**Income Tax or Company Tax**  
Estimated amount to pay your tax; approximately 25% of your Cash Surplus.  
\$0

### Cash Surplus

The difference between Cash IN and Cash OUT (excluding GST amounts). \$31,817

### Control Panel

- [Copy Canvas](#)
- + [Create New Canvas](#)
- [Import data](#)
- [List of Canvases](#)

**Available to Spend (exc GST and Tax)** \$33,317

The Opening Balance plus any Cash Surplus.

### Control Panel

- [Copy Canvas](#)
- + [Create New Canvas](#)
- [Import data](#)
- [List of Canvases](#)

### Your Cash Balance

Cash to Owner	Your Closing Cash Balance
The amounts you withdraw from the business.	The amount of cash you have left at the bank
\$0	\$33,317

[Is your business getting ahead or falling behind?](#) ▼

Then use a planning Canvas to see what next year looks like

Access to the Beta release of the Cashflow Coaching Kit is available to ICB members

Induction Webinars

[www.icb.org.au/Professional-Development/CPE](http://www.icb.org.au/Professional-Development/CPE)

[cashflowcoachingkit@ato.gov.au](mailto:cashflowcoachingkit@ato.gov.au)

ICB Additional Explanation

[www.icb.org.au/resources/bookkeeping/Cashflow-Coaching](http://www.icb.org.au/resources/bookkeeping/Cashflow-Coaching)

(((Insert the page in the powerpoint in the task)))

# Cashflow Coaching Kit



**CASH FLOW COACHING KIT**

Client List Session Files Help Logout

SHOW ME HOW
Health Check
Discover Topics
Cash Flow Canvas
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Action Checklist

**Tips >**

Work through the coaching kit phases to help you answer the Four Key Questions for your business

**Bob the Builder**

**Discover**

Do you want to learn about cash flow fundamentals and topics to get a competitive advantage?



**Health Check** - answer ten simple questions to learn more about the health of your business and find opportunities to improve your cash flow.




**Discover Topics** - build your knowledge on key areas of your business, with activities and ideas that you can do at any time.

**Apply**

Do you want to understand your current cash flow and explore ways to help improve it?



**Cash Flow Canvas** - input simple financial figures to understand the cash flow of your business, and see the factors that contribute to your success.



**Change Levers** - explore practical ideas and actions to improve your cash flow.

**Plan & Action**

Do you want to create your personalised action plan to keep yourself accountable and monitor your progress?



**Action Checklist** - maintain a list of actions and deadlines to help you track your cash flow improvements over time.



**Four key questions**

These questions will help you understand your business cash flow and identify areas that you can improve.

They are important because they set the foundation for strong cash flow management by focusing on four critical factors - profit, provisioning, liquidity and meeting goals.

1. Am I trading profitably?
2. Have I put enough aside to meet my regular financial commitments?
3. Does my business have enough to spend on myself and pay others?
4. Is my business improving its financial position?