The Institute of Certified Bookkeepers
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Client eBrief

Institute of Certified Bookkeepers
Making you count

Accounting Software or Business Operating Software

Are you using your software as 'Accounting Software' or 'Business Operating Software'? What is the difference? Does it matter?
When you started your business, you had an idea, then a plan and you made it happen. One of the ways you made it happen was to keep records - customers, stock you sold and your expenses. Keeping records, gathering information, allowed you to make better decisions for your business. All those things are about operating your business.
You knew you needed to keep records for GST, Income Tax and compliance. So you picked an accounting software to help you keep your records. How did you implement using the software in your business? Is it after the actual transaction has happened? Is it historical? Does it help you and your business?
By altering how you record your business transactions - you could turn your accounting software into 'Business Operating' software. Gathering 'real-time' information about your business. Don't double handle bits of paper, use the computer and your software to its best advantage.
Below are four simple changes to your accounting software, changing it into Business Operating software.
1. Clients Details: Do you capture your clients details - not only for the invoice but for later marketing to them. **Loyalty programs** are structured marketing efforts that reward, and therefore encourage, loyal buying behaviour. To use Loyalty programs to its best advantage you need clients details.
2. Invoices: Do you create a manual invoice and then later the bookkeeper inputs into the accounting software? Can you change your practice and input the invoice, with all its detail, directly into the accounting software? What will that do? It saves you double handling, its keep your Debtors listing accurate. It allows you to look/search on historical sales and marketing to clients who have bought those goods previously from you.
3. Bank Feeds: A feature where your bank transactions are synced with your cloud accounting software. This handy feature can cut down your manual data entry and allows you to see what is really happening with your money in the bank.
4. Orders to Suppliers: Suppliers are essential to almost every business, supplying materials and services you need to do business. They can also be important sources of information, helping you evaluate the potential of new products, track competitors' actions and identify opportunities. Keep all their details within your system.
Many industries have traditionally had 'front-of-house' software that captures specifically information for marketing to customers. There are specialty programs called CRM (Client Relationship Management) which are available but most account software will keep track of your clients and allow you to extract their details so you can market directly to them, without you going to the expense of a CRM program. Most software allows you to email directly to your clients and suppliers, making contact cost-effective, accessible, easy and immediate.
These changes generally, only require you to instigate some planning, training & implementation time. You receive in return more value from your accounting software and some 'real-time' gains for your business

ATO Lodgement Dates

These dates are from the ATO website and do not take into account possible extensions. Contact us to establish when your information is required for lodgement. You remain responsible for ensuring that the necessary information is with us in time.

BAS/IAS Monthly Lodgement – July IAS: 21 Aug 2013
– August IAS: 21 Sept 2013
– Sept BAS: 21 Oct 2013
– October IAS: 21 Nov 2013
final date for lodgement and payment

BAS Quarterly Lodgement
1st Quarter of FY2014:
September Quarter (including PAYGI) 28 October 2013 final date for lodgement and payment.
Extended Lodgement 2nd Quarter of FY2014:
December Quarter (including PAYGI) 28 February 2014 final date for lodgement and payment.

Superannuation 1st Quarter of FY2014: SGC September Qtr 28 October 2013 final date for lodgement and payment.
Superannuation 2nd Quarter of FY2014: SGC December Qtr 28 JANUARY 2014 final date for lodgement and payment.

Refer to the ATO for details regarding the Superannuation guarantee Charge applicable. If you do not pay the SGC by this date the SGC is not tax deductible.

Where a due date falls on a day that is not a business day (that is, the due date is a Saturday, Sunday or public holiday), lodgement or payment may be made on the first business day after the due date without incurring a penalty or general interest charge(GIC).

Calxa – animating budgets & cashflow forecasts

The difference between a budget and a cash flow forecast can sometimes be confusing. They can seem to show similar information yet both are very different and have different uses. Both are essential for the accurate financial management of your organisation.

A budget details what you plan to do with your finances for the relevant period of time. This is usually over 12 months, and focuses on profit. In addition:

- Accruals and other non-cash adjustments such as depreciation are often included
- A Budget also reflects the planned objectives of what the organization is trying to achieve and is linked to the strategic and business plans.
- A budget also provides a benchmark to then monitor performance. After each month you can compare what actually occurred against what was budgeted or planned to occur.
- Usually the full year budget is broken down into months

A budget is NOT used to monitor the amount of cash in the bank accounts. That is where the cash flow forecast comes in.

A cash flow forecast details when the actual receipts and payments are likely to occur.

- A cash flow forecast reflects when the actual income and expenditure is transacted into/from the actual bank account
- It is not based on accrual accounting and adjustments, such as, depreciation are excluded
- The full year cash flow forecast is mostly broken down into a month by month basis. But in some instances it can be further broken down into fortnightly or even week by week depending on the circumstances

The main difference between a budget and a cash flow forecast is based on:
1. The type of the transaction and;
2. The timing when receipts and payments will occur

As a simple example: a budget will record the income when you have sent out the invoice whereas your cash flow will record it when you actually receive the amount into your bank account.

One point worth mentioning is not to assume that debtors will pay the following month. Often it may be later which is why it is important to know your Average Debtor Days which may show that payment occurs typically 64 days after sending out the invoice.

This also highlights the value of knowing some important Key Performance Indicators (KPI's) such as:

- Debtor Days
- Creditor Days
- Inventory turnover days
- Working capital ratio

Understand the difference between a budget and a cash flow forecast and you will be well on the way to managing your finances.

This information can be found on the Calxa website: www.calxa.com.au