

## The Bookkeeping Industry

Bookkeeping has been around since external parties started taking an interest in businesses and diligent business owners wanted to improve their knowledge of their own business. The main external parties, that concern most business owners, are the regulatory authorities, particularly the taxation office, which administers the legislation regarding the government's revenue streams.

It is acutely important that every entity – be it individual, incorporation, company or other is transparently accountable to the tax office. For businesses this means maintaining processes and financials to show that they are paying their correct tax. Historically, most small businesses and sole traders would engage their accountant to ensure adequate accounting systems were in place and maintained.

In the early 1990s a couple of accountants devised a software program that allowed these individuals and small businesses to 'Mind Your Own Business'. This MYOB software is now used by 72% of small businesses and sole traders to maintain their financial records. Another similar program, 'Quickbooks', accounts for a further 18% of the market. The remaining share of the market is populated by a few other programs such as 'Cash Flow Manager' and 'Banklink'.

The programs although relatively easy-to-use still require a certain amount of time, accounting knowledge and proficiency with the software to produce accurate financial reporting and maintain operational accounting requirements such as banking and payroll. This requirement gives rise to the need for the role of a bookkeeper to manage this process for the business.

*The Bookkeeping industry needs to get smarter....*

A recent IBIS report (2005) revealed that the bookkeeping industry is populated by small operators with an average of 10 clients per bookkeeper. The Tax office estimates that the industry is worth approximately \$3 billion in Australia.

Currently, there are no national accreditations for bookkeeping. Anyone can advertise themselves as a bookkeeper regardless of education, knowledge or experience. Bookkeepers are able to charge from \$35 to \$85 per hour which can be very appealing to individuals with no qualifications. The problem is that with no regulation on the 'profession' the quality of work is highly varied. The accounting profession, which is highly regulated, and others are wary of bookkeepers as they have no guaranteed minimum level of training on which to rely.

Legislation has been passed by Parliament which requires contract bookkeepers who wish to lodge BAS statements on behalf of their clients have as a minimum qualification a CERT IV in Financial Services (Bookkeeping FNS40207) as of March 1<sup>st</sup> 2010. A transition period is provided for but bookkeepers must register with the ATO. For more info please call.

Similar to the PS146 training for financial planners introduced in the late 1990s, it is hoped by the ATO, business groups, accountants and others, that regulating the bookkeeping industry will 'clean up' the profession through lifting the standard of work.

As in every other area of their business, Aussie Accounts is leading the way! Not only do we have qualified accountants in-house we also aim to have every bookkeeper we employ hold a minimum Certificate IV in Financial Services Bookkeeping.