

NOTES ON BOOKKEEPING

Payments

1. In the final analysis, all outgoings will be represented by a bank entry – even if you initially used petty cash or a credit card or bank card or cheque to make the purchase. The invoice or cash receipt or other voucher should be marked with the cheque number and filed in date or cheque number order – awaiting the inevitable visit from the ATO auditor. A “tax invoice” is **essential** for **every** transaction over \$75.00, and desirable in all other cases.
2. The value on each voucher needs to be entered into the total column and allocated across the relevant columns. The GST is either clearly shown on the “tax invoice” OR is 1/11th of the total of the voucher or receipt.
3. If you make payments by credit card or bank card, do a preliminary analysis on a worksheet (refer <http://www.ctcaccounting.com.au/home/resources> for your copy) before allocating across the relevant payment columns. Attach the vouchers to the worksheet and then enter all figures on the one line.

Analysis Columns

4. **Purchases** used for everything you resell to your customers, and includes trading stock for a shop and materials for a tradesperson. It also includes minor supplies such as cleaning materials, paper bags, wrappings – in fact, anything consumed in the course of doing your work or conducting your business.
5. **Delivery Vehicle** ... all payments for running a motor vehicle – such as fuel, registration, insurance, repairs, tyres, battery, etc. A new vehicle goes into the Sundries column.
6. **Wages** can only be paid to people outside your business’s ownership structure. Enter the amount paid each pay period and the amount of the PAYG (Withholding) tax each quarter. Make sure you have a separate wages sheet for each employee – including name, address and TFN ready for the ATO auditor to examine. DOES NOT INCLUDE DRAWINGS BY SELF EMPLOYED SOLE TRADER.
7. **Rent** can include rent of business premises and hire of plant or equipment.
8. **Repairs** can be for any value. Vehicle repairs go in the Vehicle column.
9. **Telephone** needs to be apportioned for private use – use the attached worksheet.
10. **Sundries** is where you record capital spending (that is, all items expected to last more than one year – such as a new computer or printer or motor vehicle), and all other spending which doesn’t fit within any other column.
11. **If you have any query on bookkeeping, ring us on (03) 6265-3558. It is important to fix any queries as quickly as possible.**

Receipts

1. Every “tax invoice” which you issue should show the split between your actual sales and the GST collected. Use these figures when entering your cash receipts and make entries to the relevant columns. **THE ATO WILL ASSUME THAT EVERYTHING YOU BANK CONTAINS GST** – no matter how incorrect their assumption.
2. Any other money banked to the business account must be clearly identified as personal or non-business. Such other money will be not “business” income – such as Tattslotto wins, sale of private motor car, medical insurance refunds, transfer from your private savings, inheritances from an estate, distributions from a trust, dividends from a company. The sale of a business asset needs special recording – please identify clearly in the Miscellaneous Income column.
3. Once again, be sure you have filed your vouchers – preferably in the exact order in which they are written up. That way, the ATO auditor can easily inspect the vouchers and cash book. Expect the ATO auditor to visit every five (5) years.