How to start a job and steps to be followed till finalization

- Here we see how to start a job and steps to be followed till finalization. Normally client will assign a new jobs to us based on the module we are working on. Some steps will be varied according to their client requirements.

- Hence before starting a new job, we must know the client needs & requirements of how they are expecting from us.

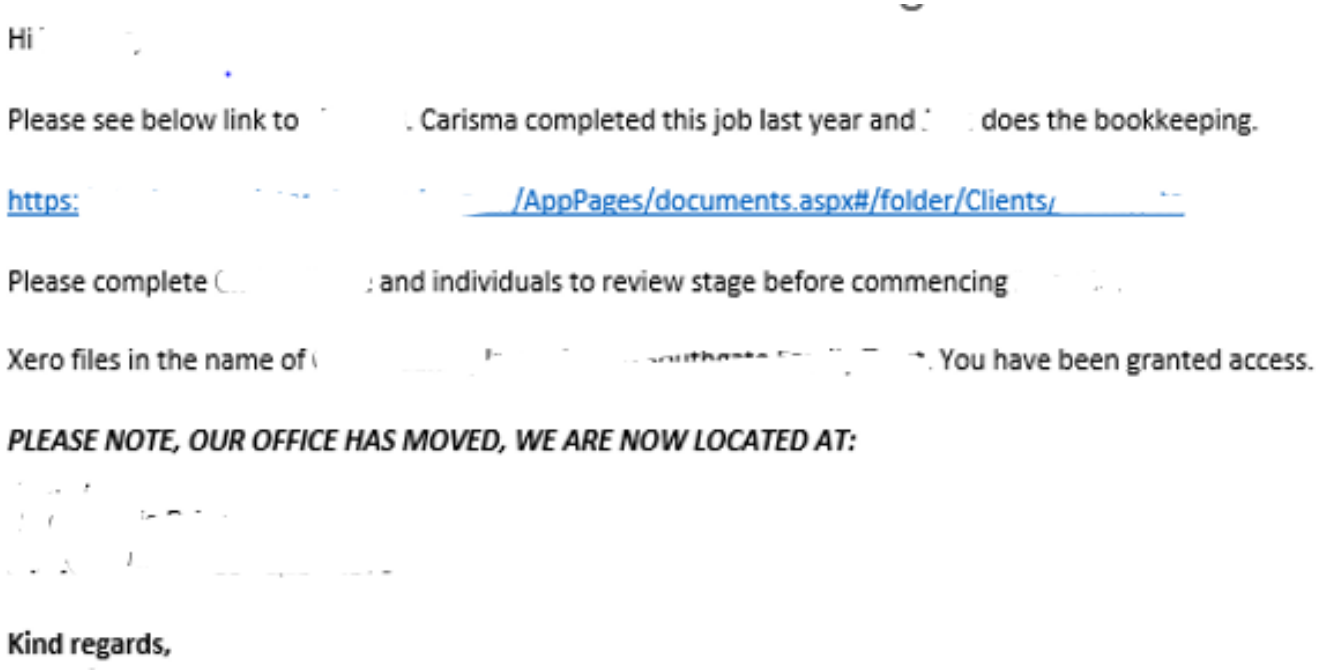
- For example: Some clients will request entire draft set of job (including workpapers, tax return & financial statements) at the query stage itself. Some clients may request first queries and once they replied they will request full finalized set of draft.

- Hence, we must learn or know about the client once we are working on that client.

- Also, we should know that what kind of workpapers, software's, communication and documents platform the client is using.

- The below are the steps generally we need to follow for finalization.

- As a first we need to check what type of communication client is using to assign the job. For example, if the client is assigning job through mail communication, then we need to carefully read the instructions provided by the client before getting into a job.



Hi

Please see below link to . Carisma completed this job last year and does the bookkeeping.

https: /AppPages/documents.aspx#/folder/Clients/

Please complete (; and individuals to review stage before commencing

Xero files in the name of . You have been granted access.

PLEASE NOTE, OUR OFFICE HAS MOVED, WE ARE NOW LOCATED AT:

Kind regards,

- After reading instructions provided in mail communication for the job and then start downloading the source documents from client record keeping software.

- The job maybe assigned as group job (Group of entities & individuals) or Single entity along with individuals or without individuals that will be differ based on the end clients.

- Also, download prior year reports from the respective platform and save these reports in appropriate folder. Save all the documents in the respective folders. Follow folder format till last step of finalization.

- Before starting the job, refer to the “Notes in email” and follow the same for reconciling or reallocating any accounts specified by the client.

- Then start downloading reports from bookkeeping software mentioned based on client. Bookkeeping software namely – Xero, MYOB desktop versions, MYOB Essentials, Cashbook, Cashflow Manager, etc.

- Reports namely – Balance Sheet (Last Year Analysis), Profit and Loss Account, General Ledger (Detailed), Bank Reconciliation Report, etc.,

- After downloading all the necessary documents go through the opening balance with PY signed financials to verify there were no amendments made in PY books after lodgment. If there is variance need to fix after informing to client.

- If the there is no changes in net movement start preparing net movement coding by using GL summary from bookkeeping software. Code the net movement using GL summary in workpaper and post as journal in the accounting software.

- If the accounting and bookkeeping software were same, we can skip the above steps (excl. opening balance).

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General Ledger [Summary]

1/07/2021 To 30/06/2022

Account N	Account Name	Beginning Balanc	Total Debit	Total Credi	Net Activity	Ending Balance	XERO GL	
1-1110	CBA Accou	$50,145.34	$624,641.85	$623,074.13	$1,567.72	$51,713.06	600	1-1110-CBA Accou
1-1120	CBA Savings Account	$6,586.52	$20,000.55	$26,000.00	($5,999.45)	$587.07	601	1-1120-CBA Savings Accoun
1-1130	Offset BAS/Tax	$0.00	$2,577.00	$0.00	$2,577.00	$2,577.00	9921	1-1130-Offset BAS/Tax
1-1135	Offset Super	$0.00	$944.80	$0.00	$944.80	$944.80	826	1-1135-Offset Super
1-1180	Undeposited Funds	($6,901.22)	$608,623.16	$602,220.84	$6,402.32	($498.90)	608	1-1180-Undeposited Funds
1-1196	Snap-on Business Reserve	$10,405.40	$7,434.26	$0.00	$7,434.26	$17,839.66	607	1-1196-Snap-on Business Reserve
1-1210	Trade Debtors	$115,985.41	$804,440.63	$835,915.87	($31,475.24)	$84,510.17	610A	1-1210-Trade Debtors
1-1250	Sundry Debtors - SOTA	$0.00	$0.00	$500.00	($500.00)	($500.00)	610A	1-1250-Sundry Debtors - SOTA
1-1260	RA Balance Transfers	($60,763.37)	$75,412.08	$32,129.19	$43,282.89	($17,480.48)	610A	1-1260-RA Balance Transfers
1-1610	Stock on hand	$156,547.34	$96,289.20	$125,674.11	($29,384.91)	$127,162.43	630	1-1610-Stock on hand
1-2210	Motor Vehicles at Cost	$47,629.10	$30,000.00	$0.00	$30,000.00	$77,629.10	730	1-2210-Motor Vehicles at Cost
1-2310	IT Laptop	$0.00	$330.00	$0.00	$330.00	$330.00	411	1-2310-IT Laptop
2-1210	Trade Creditors	($13,756.05)	$423,795.76	$403,427.74	$20,368.02	$6,611.97	800A	2-1210-Trade Creditors
2-1220	SOT Creditor - Feature Pack	($8,578.48)	$152,191.19	$170,357.36	($18,166.17)	($26,744.65)	800A	2-1220-SOT Creditor - Feature Pack
2-1310	GST Collected	($10,707.80)	$76,393.58	$73,513.95	$2,879.63	($7,828.17)	820	2-1310-GST Collected
2-1330	GST Paid	$815.34	$58,019.72	$55,768.71	$2,251.01	$3,066.35	820	2-1330-GST Paid
2-1335	June BAS Payable	($5,156.00)	$5,156.00	$12,860.00	($7,704.00)	($12,860.00)	822	2-1335-June BAS Payable
2-1345	GST Adjustments	$351.00	$0.00	$351.00	($351.00)	$0.00	823	2-1345-GST Adjustments
2-1410	Superannuation Payable	$0.00	$0.00	$944.79	($944.79)	($944.79)	826	2-1410-Superannuation Payable
2-2110	SOT - Business Loan	($85,626.32)	$15,636.50	$0.00	$15,636.50	($69,989.82)	898.01	2-2110-SOT - Business Loan
2-2120	SOT - RA Funding	($32,790.58)	$5,791.05	$0.00	$5,791.05	($26,999.53)	898.02	2-2120-SOT - RA Funding
2-2400	Chattel Mortgage Liab - Truck	($124,680.42)	$29,049.50	$0.00	$29,049.50	($95,630.92)	898.04	2-2400-Chattel Mortgage Liab - Truck
2-2500	Macquarie Chattel Mortgage - Triton	($33,704.16)	$8,254.08	$0.00	$8,254.08	($25,450.08)	940.01	2-2500-Macquarie Chattel Mortgage -

- After the above steps for finalization first start with reconciling balance sheet accounts. Prepare workpapers for each Balance Sheet account simultaneously reconciling each account. The below are general balance sheet accounts which we can see in every entity.

- Bank account: Download BRS from bookkeeping software.

- Match BRS balance with accounting software closing balance & Bank Statement. If any discrepancy, raise query to the client. Also raise query if bank statement was not provided.

- Trade Debtors: Download Receivables Reconciliation Report from bookkeeping software dated 30-06-XXXX & check whether balance matches with balance sheet. If balance doesn't match proceed with following points:

- Check whether opening balance matches. (if opening balance dif., query to client)

- If opening balance matches, then analyze Accounts Receivable Ledger each transaction and find discrepancies and resolve or query to client.

- If Out of Balance reflects in Aged Receivables Report check whether the same is over from PY. If so, query to client. If not, analyze & find the discrepancy.

- If any debtors outstanding for more than 90days/3 months, raise query that those are recoverable.

- Attach the Receivables Reconciliation Summary with tax in workpapers.

- Stock on Hand: Record Stock on hand as on 30.06.xxxx in books provided by client. If not provided, query to client.

- If Closing stock has been posted through net movement into books, get confirmation from client

Accumulated Sales Tax Information				Inventory Control		Open Orders	
	Taxable	**Exempt**	**Charged**	Starting Inventory	205,903.37	In Transit Shipments	49,803.28
RA Sales	32,098.65	0.00	3,209.89	Activity**	15,919.83	Warranty Defects	1,281.26
Walk-on Sales	30.42	0.00	3.04	**SubTotal**	**221,823.20**	Lifetime Warranty	7,022.53
REV / SUB / Credit Sales	9,167.59	-600.00	916.76	Less Deliveries	40,696.66	Trade-In Returns	0.00
OA Sales	0.00	0.00	0.00	Less Discount	13,272.13	**Total**	**58,107.07**
Weekly Total	**41,296.66**	**-600.00**	**4,129.69**	**Ending Inventory**	**167,854.41**		

- Fixed Assets: Check opening balance in software matches with Asset Schedule (if not, query to client).

- Check GL detailed that if there is any purchase/sale of asset.

- If any new asset purchased – add the same to asset schedule..

- If any sale of existing assets – use sale functions in asset schedule and dispose asset.

- Check depreciation in Xero with depreciation report after running depreciation in the software.

- Match WDV of asset in software with asset schedule to reconcile the fixed assets balance.

- Borrowing Costs: Check any new Borrowing cost incurred during the year, prepare schedule to amortize for the period of 5 years.

- Post entry to amortize borrowing cost for CY.

- Closing balance of Borrowing costs in software should be reconciled as per Amortization schedule

- Trade Creditors: Download Payables Reconciliation Summary from Bookkeeping software dated 30-06-XXXX & check whether balance matches with software. If balance doesn’t match, proceed with following points:

- Check whether opening balance matches. (if any opening balance difference, query to client)

- If opening balance match, then analyze Accounts Payable Ledger each transaction and find discrepancies and resolve or query to client.

- If Out of Balance reflects in Aged Payables Report check whether the same is carrying over from PY. If so, query to client. If not, analyze & find the discrepancy.

- Attach Payables Reconciliation report with tax in workpapers.

- GST Payable: Download the ATO Reports namely – Integrated Client Account, BAS and IAS from ATO portal, if portal access is not available the we should ask query.

- GST will be accounted in two ways namely GST collected & GST paid or as GST payable. Any shortage or excess of GST will be accounted in GST adjustments. There is a detailed GST reconciliation process guide is available in LMS portal.

- PAYG Withheld: Check the PAYG withheld for each quarter as per books with the BAS. Check whether the last quarter of the previous year and first 3 quarters of the current year were paid and the PAYG for the last quarter should be payable.

- In case, payments were accounted in wrong account instead of PAYG, adjustment journal should be passed for reallocation.

- Finally check the PAYG Payable transferred to June BAS under balance sheet item should match with the last quarter of the current year BAS.

- Superannuation Payable: Superannuation contribution should be 10.5% (2024 – 11%) of wages. This is applicable for employees with wages of more than $450 per month. This is not applicable for casual labour. If it is less than specified rate of wages that should be highlighted in queries.

- Make sure that current year opening balance is paid off.

- Make sure that Superannuation contribution is accounted properly and fully paid or not.

- At last check Superannuation contribution debited in P&L Account and Superannuation contribution payable in Balance sheet should be matches with payroll summary.

- Loan: Check whether the loan documents are available for both the existing and new loans. In case the documents are not available, query to the client demanding Loan document.

- Check whether the interest on loans is properly accounted and closing balance of loan matches with loan statement provided.

- If Loan does not match, Check whether it is wrongly accounted in other account or else paid from personal account. If wrongly accounted reallocates the amount to correct head. If paid from personal account, bring in through loan/drawings.

- Hire Purchase: Assets may be purchased through Hire Purchase loan.

- If Loan exists from previous year, check whether HP Schedule is available in previous year work paper or else query the client (also check whether opening balance matches).

- If it is a new loan, check whether asset purchase invoice & HP Agreement is given (using the same prepare HP Repayment Schedule using HP Template). If doc not available query client.

- We can also prepare HP schedule by using the new loan document including interest based on the rate available in the document. After we should account check the payments and can account the interest in the books.

- At last, check whether Interest, HP Closing balance and Unexpired Interest matches with HP Schedule.

- Income tax payable: Reconcile Income tax payable account. Check whether the PAYG installments for the last quarter of previous year (if payable entry is not created in previous year) and first three quarters for the current year are accounted in Provision for Income tax account.

- If not, check whether it is wrongly accounted. PAYG for Last quarter of current year is debited to Provision for Income tax account and credited to PAYG Installment payable account.

- Check whether last year income tax refund or payment as per ATO – Income tax account is reflecting in books. If not check whether it is accounted under wrong account.

- Prepare the tax reconciliation (after completing GL Scrutiny) and calculate the income tax during the year and pass the entry for the same.

- The reconciliation points for above balance sheet accounts are generally mentioned in this process guide. There will be separate detailed process guide for all balance sheet accounts reconciliation available in LMS portal.

- After completing the balance sheet accounts reconciliation, we need to do GL scrutiny or reconcile profit & loss account.

- Remember below general points while doing P&L Scrutiny (following list are inclusive & not exhaustive):

- Start scrutinizing of each P&L account by using GL detailed summary from the bookkeeping summary.

- Reallocate expenses claimed in wrong account. (Eg: Income protection insurance claimed in business insurance account. Reallocation entry should be posted by Debit Directors Loan & Credit P&L Insurance since the same is not a business expense).

- MV HP Repayments shown in MV Expenses account. (Reallocate to HP Liability Account).

- Check whether GST claimed on GST free expenses & if claimed reverse GST to GST Adjustment Account.

- If any abnormal increase or decrease in expenses when comparing to PY, check and intimate to client.

- If you have any while doing GL scrutiny raise that to client. After completing all the above steps sent all the queries to client based on the client format.

- Once you received the query replies fix that before finalizing and prepare necessary workpapers if required. Also remember that if the job is Group entities make sure that all inter entity accounts are reconciled. If not reconcile that before finalizing.

- Then start preparing draft financial statements and tax returns for the entities and send for client review (If internal review is followed then keep ready for the internal review before sending for client's review) by saving in respective platform or mail based on the client requirement.

- For client review will be sending the Final workpaper, Financials & Tax return. Send any documents if requested by client specifically.

- When the client simply states that a job can be closed, then it is assumed that there are no further working required for the job and it can be closed.

- If the client send an email/updating in workpaper stating review points, check if the revision has been done at his end or to be carried out at our end.

- If the review points are to be carried out by us and subsequent revision must be done to the work papers, Consult with your team leader / reviewer before carrying out revision and ensure to revise the work papers in the manner as per client's request.

- After revising work papers, check once to ensure that all the revision points has been given effect and submit for review by team leader / reviewer/ send for client review directly.

- Again, upload the updated documents by replacing or creating new versions in the platform as per the client instructions. folder.