



593 Anzac Highway Glenelg SA  
PO Box 110  
Glenelg SA 5045

Phone (08) 8376 0455  
Fax (08) 8376 0108

[www.sheridans.net.au](http://www.sheridans.net.au)

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## HOW YOU CAN WORK MORE EFFECTIVELY WITH YOUR ACCOUNTANT TO MINIMISE ACCOUNTING COSTS

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There is no doubt that the GST has increased the record keeping and reporting responsibilities of your business operations. *Sheridans* understand this is not such an easy task and our staff are keen to assist you to streamline these practices and minimise the accounting costs incurred.

We have put together some of the common questions or comments from clients in relation to *Sheridans* Accounting Services. Our responses may help you to understand the process.

**Q:** *How are your fees compared to other Accountants?*

**A:** *Sheridans'* fees are approximately 30% better value than that of city firms and similar to other suburban accounting firms of a similar size.

**Q:** *How do you know this?*

**A:** There are a number of reasons:

- 1) We compare our rates with other Accountants on an annual basis
- 2) Our business has grown by about 20% every year, whereas most accountancy practices only grow by about 5% - 10% per annum. We do not advertise and all our growth is through word of mouth.

A business needs 3 things to grow:

- reasonably priced services (*if charges are too dear, clients will not come back*)
- good service or product
- honesty

For a business to remain viable, profit must be made. The average net profit of an Accountancy firm is around 20%. Therefore, if the client receives an account for \$1,000, the net profit on the job (after wage costs, rent, insurance, etc.) is \$200.

**Q:** *Can you give me a quote for the job?*

**A:** Unfortunately it is not possible to estimate how much time an Accountant will spend on your tax return. It is a bit like expecting a tradesperson to quote on a building maintenance contract over the telephone without looking at the specifications or the site involved.

One of the most influencing factors is the way in which each client's accounting records are kept and not necessarily the type of system used. For example, we can review two different sets of books for the same business with one taking twice as long to go through

compared to the other, dependent on how well the information has been put together. Say in one set, the general ledger has not reconciled to the bank account. This will take much longer to sort out, involving a more qualified Accountant and charging you a higher cost.

**Q: *Why is my bill more this year than last year?***

**A:** Basically there are three reasons that may cause an increase in charges:

- 1) More work involving your Accountant. This could be due to an increase in turnover / activity, the sale or purchase of a business, an addition of a lease, new investment property or a capital gains tax calculation. There may have been something extra you required us to do, taking more time than in previous years.
- 2) *Sheridans'* charge out rates have increased as our labour costs are rising every year. Dealing with our Directors will incur a higher cost than that of an Accountant and likewise administration staff. Talk to our friendly administration staff on the nature of your query as they may be able to handle it themselves (i.e. requesting faxes, making appointments, checking the progress of your tax return), saving you money.
- 3) Information missing from your records. If this is the case, your Accountant has to chase up incomplete paperwork, figures, etc. Whilst waiting to receive this information, they will move on to other jobs (through to completion) before returning to your work. Just picking up and putting down your job to chase up missing information takes time which all adds up, not to mention delaying the process of finishing it off.

It is in our best interest to process every client's work as quickly and efficiently as possible so we can move on to the next one. At the end of the day, we are still earning the same amount of money but will have a lot more happy clients!

Work with your Accountant. Ask for suggestions on how to improve and streamline your record keeping practices. Highlight the concerns you have as they may have a simple solution. Talk about the ways in which you can reduce their time working on your accounting. The more you can do towards summarising and reconciling your accounts, the more you will save in accounting fees.

**Q: *The MYOB or Quickbooks Salesperson said that the software should reduce my accounting costs but it has actually doubled? (in some client's cases tripled!!)***

**A:** Don't be lead to believe that simply by adopting a computerised recording system your costs will reduce, as it can often work against the cause, imposing more problems if it is not utilised effectively.

Efficient computerisation of your accounts will depend solely on the operator. A good operator will definitely reduce your Accountant's time, whereas one that is not so good will more than likely increase the time taken to do your accounting.

The most frustrating thing for an Accountant is when a client provides a year of computer printouts that has taken them hours to produce and the Accountant finds they have to spend many more hours to sort it out. Adding to this frustration, the client also incurs extra costs.

**Q: *I asked you to run your eye over this document and you send me a bill!***

**A:** Likewise, whenever we request our Tax Solicitors for an answer to a question, they send us a bill based on the time spent researching and responding to our request. At a charge out rate of \$350 per hour, it is not unusual to receive a bill for \$87.50 for a 15 minute telephone conversation. We understand this is standard practice - if we want to use their time we have to pay for it.

As mentioned earlier, our business is to sell *time*. Ask yourself whether you can handle an issue without contacting your Accountant (i.e. sourcing a copy of a tax return that you have filed away somewhere). Time can be saved by e-mailing your questions.

**Q: *Why has my tax return taken so long?***

**A:** 1) Missing information will delay the job.

Make sure everything is presented in the first instance. If there are things to follow up do the running around yourself to avoid further delays.

2) In the peak period it will take longer. Have you noticed how hard it is to get accommodation during school holidays? Just as the holidays impose 'peak' and 'off peak' periods for accommodation, every Accountant is in the same boat.

In the **PEAK PERIOD** (August – January) the turn around time may stretch out to 6-8 weeks or more, as everyone wants their work done during this period. This is the same for every Accountant throughout Australia.

In the **OFF PEAK PERIOD** (February – July) the turn around time drops back to a few weeks.

So be prepared for delays in the peak period - your patience during this time will be most appreciated by our staff.

### ***Help Us To Help You***

You can greatly assist us to more efficiently run *our* business by paying your accounts on time. Unfortunately some clients take a long time to pay but still expect us to drop everything and attend to their immediate needs. As you can respect, it must be a two way street.

Prompt payment enables us to continue providing maximum resources to give our clients the best service possible.

### ***Thank You***

We would like to take this opportunity to thank you for your loyalty and trust over the years and assure you that we are managing our business to give you the best that this profession can offer.

Everyone at Sheridans would like to extend their gratitude to our loyal clients for recommending others to us. We do appreciate the confidence you have shown in our staff and will strive to improve that level of service by following our motto ...

***“Helping you become financially well organised”***

## IN SUMMARY

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### 10 STEPS TO HELP YOU MINIMISE ACCOUNTING COSTS

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- 1) Provide all the information in the first instance
- 2) Summarise and reconcile as much as possible
- 3) Explain any unusual events at the initial meeting with your Accountant
- 4) Discuss with your Accountant areas that can be improved on or work that you can do to present the job better
- 5) Efficient computerisation – make sure that you understand the computer package you buy
- 6) Provide any missing information quickly
- 7) Do most of the running around yourself (e.g. calling banks / solicitors, collecting statements, etc.)
- 8) Ask yourself the question “can I attend to this without contacting my Accountant” (i.e. avoid contacting us to fax copies of documents which you may already have in your possession, such as tax returns)
- 9) Use our administration staff for minor things and only use the Accountants and Directors (in this order) for the more important things
- 10) Use e-mail to ask for answers to questions