



Accounting Policies and Procedures

Accounting System

ShineBright Cleaners keeps its books based on an accrual accounting system, recording all debtors and creditors. Payment is made by electronic funds transfer (EFT) to credit suppliers, credit cards for cash purchases, and petty cash for small items.

GST Registration

ShineBright Cleaners is registered for GST and pays its Business Activity Statement (BAS) quarterly.

General Ledger

A chart of accounts has been drawn up in consultation with their accountant. Ledger accounts shall not be added, changed, or deleted without consultation with the accountant.

General Journal Entries

General Journal tasks should be appropriately structured following standard accounting practice and should contain the following:

- a) Appropriate supporting documentation should be available for each journal entry
- b) The correct date of the entry
- c) The correct account number provided
- d) The correct name of the general ledger account
- e) Amounts allocated to the correct debit or credit column
- f) A brief memo that describes the transaction.

Before finalising the end of financial year statements, a meeting must be scheduled with the accountant Danny Debit to:

- review the accounts and any adjusting journal entries that have been processed
- identify correct or refer errors for resolution
- seek approval to post the general balance day adjustments to the general ledger and prepare the financial reports.

Asset Registers

The company has chosen not to take advantage of the small business income tax concessions, and the method of depreciation will be in accordance with the classes of assets shown below.

- Assets costing less than \$1,000.00, excluding tax, will be pooled into the low-value pool and depreciated at 18.75% in the first year and 37.5% after that using the diminishing value method of depreciation.
- Assets costing more than \$1,000.00, excluding tax, must have an asset register card created for the item, grouped into one of the asset groups, and depreciated according to its effective life on the ATO table for the asset.

Assets will be grouped as follows:

- Cleaning equipment:
 - Polishing, carpet cleaning and floor stripping assets will have an effective life of five (5) years, with a diminishing value depreciation rate of 40%.
 - Vacuum cleaners will have an effective life of three (3) years, with a diminishing value depreciation rate of 66.67%.
- Office equipment will have an effective life of five (5) years, with a diminishing value depreciation rate of 40%.
- Motor vehicles will have an effective life of eight (8) years and depreciated using the straight-line method.

Reconciliation of Assets

At the end of the financial year, the value of assets in the asset register must be reconciled with the value of assets in the balance sheet for ShineBright Cleaners. Any discrepancy should be identified, and any adjustments made as necessary.

Provision for Doubtful Debts

At the end of the financial year, at the discretion of the company director, any accounts owing over 90 days may be considered a doubtful debt, and a provision for that debt may be created.

Disposal of Assets

When an asset is traded in or sold, quotes must be obtained from at least two dealers, and Benson Smith must approve a final decision. The entry for the disposal of the asset must show:

- The depreciation is to be calculated on a pro-rata basis up to the date of disposal
- The sale of the asset, including GST
- The value of any loss or gain on the disposal of the asset
- The removal of the asset and its associated accumulated depreciation from the balance sheet.

Financial Reports

Before the monthly financial reports are generated, all debits and credits must be totalled and compared in a trial balance. If the totals match, it indicates that the accounts are in balance and the financial records are accurate. If the balances do not balance, firstly double-check:

- asset and expense accounts have debit balances
- liability, equity, and revenue accounts have credit balances.

ShineBright Cleaners will generate monthly financial reports to ensure transparency and accountability in their business operations. These reports will be used to monitor the financial health of the business and allow for the tracking of income, expenses, and overall profitability on a regular basis.

Monthly reports include:

- A Profit and Loss Statement
- A Balance Sheet
- A Statement of Cash Flow

The following end-of-year financial reports can only be produced after all tasks for the year have been entered, end-of-year adjustments made, bank accounts reconciled, asset registers reconciled, and debtors and creditors reconciled:

- An Adjusted Trial Balance
- A Profit and Loss Statement
- A Balance Sheet.

Structure and format of financial statements

Monthly financial reports must adhere to accounting standards and meet the following organisational requirements:

- Balance Sheet
 - Accumulated Depreciation must be listed directly under the fixed asset it relates to.
 - A note must be included showing the value of the ownership interest of each partner. This note should detail each partner's capital account balance, drawings for each partner, and each partner's share of the profit. (Ezera holds a 55% interest in the partnership, while Benson holds a 45% interest in the partnership)
- Profit & Loss Statement
 - Expenses must be classified and subtotaled under the following subcategories:
 - General & Administrative Expenses
 - Employment Expenses (Includes Wages & Salaries, Workcover and Superannuation)
 - Financial Expenses (Includes Interest and Bank Fees)
- Statement of Cash Flows
 - Must include a three (3) month comparison
 - Cash and cash equivalents at the end of the period must reconcile to the Westpac Trading Account - ShineBright Cleaners balance.

Approval of Financial Statements

After the monthly financial reports have been prepared, they must undergo a compliance review before being presented to the partners for review and approval. Each partner must receive the statements via email for their review, and approval must be obtained from each partner before the statements are distributed.

Occupational Health and Safety

The company recognises its moral and legal responsibility in relation to the WorkHealth and Safety Act 2011 to provide a safe and healthy work environment.