



FNSACC413

# Make a decision in a legal context

Assessor Guide

Assessment 2 of 3

Project



## Assessment Instructions

### Task overview

This is assessment two (2) of three (3) assessments for FNSACC413 Make decisions in a legal context.

This assessment requires you to complete four (4) tasks to test your knowledge, understanding and skills required of this unit.

To be assessed as competent, you must complete all tasks in the workbook and template provided.

You are required to download your assessment by clicking on the assessment document icon below (see Let's begin) and upload your completed assessment for submission.

### Additional resources and supporting documents

To complete this assessment, you will need:

- Access to your learning materials
- Access to a computer and the internet
- Access to Microsoft Word
- Larry's Landscapes Invoice 6204.pdf
- Larry's Landscapes Quote 6204.pdf
- Assessment 2 Workbook.docx
- Larry's Landscapes Debt Collection Procedure Template.docx

## Assessment Information

### Submission

You are entitled to three (3) attempts to complete this assessment satisfactorily. Incomplete assessments will not be marked and will count as one of your three attempts.

All questions must be responded to correctly to be assessed as satisfactory for this assessment.

Answers must be typed into the space provided and submitted electronically via the LMS. Hand-written assessments will not be accepted unless previously arranged with your assessor.

### Reasonable adjustment

Students may request a reasonable adjustment for assessment tasks.

Reasonable adjustment usually involves varying:

- the processes for conducting the assessment (e.g. allowing additional time)
- the evidence gathering techniques (e.g. oral rather than written questioning, use of a scribe, modifications to equipment)

However, the evidence collected must allow the student to demonstrate all requirements of the unit.

Refer to the Student Handbook or contact your Trainer for further information.



Please consider the environment before printing this assessment.

FNSACC413  
Make decisions in a legal context



## Submission requirements

To be eligible to be deemed competent in this assessment, you are required to complete and submit this assessment document. Word documents will not be accepted. Please save any Word documents as PDF files before submitting.

Most modern web browsers can open and display a PDF file. However, if you have an older operating system, you may need a PDF reader installed on your device, such as the Acrobat Reader, available from [Adobe](#).

### Windows: Word 2013 and newer

Choose File > Export > Create PDF/XPS.

### Windows: Word 2010

1. Click the File tab
2. Click Save As. To see the Save As dialogue box in Word 2013 and Word 2016, you have to choose a location and folder
3. In the File Name box, enter a name for the file, if you haven't already
4. In the Save as type list, click PDF (\*.pdf).
  - If you want the file to open in the selected format after saving, select the Open file after publishing check box.
  - If the document requires high print quality, click Standard (publishing online and printing).
  - If the file size is more important than print quality, click Minimum size (publishing online).
5. Click Options to set the page to be printed, to choose whether markup should be printed, and to select output options. Click OK when finished.
6. Click Save.

### macOS: Office for Mac

To save your file as a PDF in Office for Mac, follow these easy steps:

1. Click the File
2. Click Save As
3. Click File Format towards the bottom of the window
4. Select PDF from the list of available file formats
5. Give your file a name if it doesn't already have one, then click Export

For more detailed instructions, refer to [Microsoft Support](#).

## Assessment 2



The following assessment task uses two simulated businesses, Ace Finance and Larry's Landscapes Pty Ltd. To complete the assessment tasks, you will need to access information, templates, policies, and procedures associated with Larry's Landscapes Pty Ltd. These additional resources and supporting documents will be hyperlinked in each task as "File Attached" and will automatically download once clicked. You can also download them from the learning platform under the Module 8 Assessment 2 tab.

For this assessment, you will play the role of junior bookkeeper at Ace Finance, the newly appointed accounting firm for Larry's Landscapes Pty Ltd, which is a small pool construction and landscaping company that has been in operation for 15 years.

### TASK 1: Research Task / Short Answer Questions

	<p><i>Email subject: Research for Larry's Landscapes Pty Ltd</i></p> <p>Attachment: <a href="#">Larry's Landscapes Invoice 6204</a> Attachment: <a href="#">Larry's Landscapes Quote 6204</a> Attachment: <a href="#">Larry's Landscapes Debt Collection Procedure Template</a></p>
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Hi there,

A new client, Larry's Landscapes Pty Ltd, has contacted us to seek advice and assistance on a debtor matter. Larry's Landscapes has completed work for a client, Molly's Motel Pty Ltd, who hasn't paid the final tax invoice. Larry is the owner of Larry's Landscapes and has never been in this position before, has no debtor policy or procedures in place and has exhausted all debt collection avenues that he is aware of. Larry is seeking our advice on what further action can be taken.

Larry has advised the following:

- Larry sent Molly, the owner of Molly's Motel Pty Ltd a quote before starting the work, see quote Q6204 attached.
- Tax invoice 6204 to Molly's Motel Pty Ltd is now 45 days overdue. A copy of the tax invoice is attached.
- Larry sent Tax Invoice 6204 for payment of the final project balance to Molly's Motel Pty Ltd on the day the pool construction and landscaping was complete which detailed the 14-day credit terms.
- Larry contacted Molly from Molly's Motel Pty Ltd by email with a copy of the Tax Invoice 12 days after this to remind her that payment was due in two (2) days.
- Larry left a message by phone five (5) days after the invoice had fallen due and payable (19 days after completion of the project) and sent an email of the overdue invoice as well, as a payment reminder.
- Larry tried to contact Molly from Molly's Motel Pty Ltd by telephone fourteen (14) days after the due date and left a message with the receptionist, but Molly did not return his call.
- Larry sent Molly from Molly's Motel Pty Ltd a reminder email with a copy of the original signed quote and tax invoice twenty-eight (28) days after the invoice had fallen due and payable. Larry has not received a response to this email.

I would like you to do some research to familiarise yourself with Australian laws and regulations so we can provide Larry with the advice he is seeking.



Warm regards,  
 Andrew | Manager  
[andrew@ace.finance](mailto:andrew@ace.finance)

*Instructions to students:*

Refer to Larry’s Landscapes Tax Invoice 6204 and Quote Q6204 and use the resources provided and conduct your own research to answer the following questions. All questions must be answered, and references must be used.

**ASSESSOR GUIDE:**

The following documents are referred to throughout this assessment:

**Larry’s Landscaping Pty Ltd**  
**ABN: 11 111 111 111**



**Address: 123 George Street**  
**Melbourne VIC 3000**  
**Email: info@larryslandscaping.com.au**  
**PH: 1300 111 111**

**Tax Invoice**

**Invoice to:**  
**Molly’s Motel Pty Ltd**  
 27 Short Street  
 Mollymook VIC 3104

Invoice No: 6204  
 Net Days: 14  
DATE: 10/11/20XX

Details	Invoice value
Renovations of pool and landscape of surrounding area as per quote Q6204	\$ 66,000.00
Less Initial 20% Deposit Paid	-\$13,200.00
Less 30% Instalment payment made	-\$19,800.00
<b>Balance Due Incl GST</b>	<b>\$ 33,000.00</b>
<b>Balance includes GST of:</b>	<b>\$ 3,000.00</b>

Pay by EFT Bank Details BSB: 333 444 ACCNT: 111 222
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Larry's Landscaping Pty Ltd  
ABN: 11 111 111 111



Address: 123 George Street  
Melbourne VIC 3000  
Email: info@larryslandscaping.com.au  
PH: 1300 111 111

## Quote

Invoice to:  
Molly's Motel Pty Ltd  
27 Short Street  
Mollymook VIC 3104

Quote No: Q16204

DATE: 30/04/2008

Details	Invoice value
Renovations of pool and lands cape of s urrounding area	\$ 66,000.00
Deposit required upon acceptance of quote 20% of total = \$13,200 Instalment at 50% completion point, 30% of total = \$19,800 Final balance due 14 days after completion, 50% of total = \$33,000	
Total Including GST	\$66,000.00
Amount includes GST of: \$	6,000.00

### Terms of agreement:

Upon deposit made, work will be scheduled to commence  
Final payment due 14 days after completion of work  
All goods and materials provided and installed remain the property of Larry's Landscaping Pty Ltd until full payment has been received.  
By signing and returning this quote along with payment of deposit you have agreed and accepted the terms and conditions.

Customer Signature: Molly Michaels  
Customer Name: Molly Michaels  
Position: Director  
Date: 15/05/2008

Pay by EFT  
Bank Details  
BSB: 333 444  
ACCNT: 111 222

## Question 1

According to the [www.business.vic.gov.au](http://www.business.vic.gov.au) guide on *Manage Overdue Payments and Debt Recovery*, there are eight (8) steps for businesses to use as a guide to recover an overdue payment. List and describe your interpretation of each step in your own words. (300-350 words in total). You assessor will confirm your interpretation of these compliance requirements in your assessment submission feedback.

### ASSESSOR INSTRUCTIONS

Students must list all seven steps and describe their interpretation of each in their own words, as per the benchmark response below.

Assessors **must** give feedback to the student to confirm their interpretation of these compliance requirements by stating:

**“You have correctly interpreted the *Manage Overdue Payments and Debt Recovery* compliance requirements in accordance with Business Victoria.”**

## Question 1

	Steps	Description
1	Send a friendly payment reminder	<p>When payment first becomes overdue, give your customer a courtesy reminder by phone, email or by posting a letter. They might have forgotten about the bill or paid into the wrong bank account, so this first reminder might be enough to get the invoice paid.</p> <p>Be sure to include payment options, banking details and contact information in your reminder to make it easier for the customer to pay you quickly.</p>
2	Send an overdue payment reminder	<p>If the customer misses the next agreed payment date or there's been no response to your first payment reminder, reach out again. Give the customer another call or send another email or letter reminding them of the money owing and requesting payment.</p>
3	Send a final notice	<p>If the customer still hasn't paid and has missed extended payment dates again, call or email to discuss the outstanding invoice and request payment.</p>
4	Try to make direct contact	<p>If there's still no payment or response after the final notice, consider visiting the customer in person. If your previous contact has been via email or letter, try phoning them to ask for payment. This could help build a personal relationship with the customer that could be useful for future payments.</p>
5	Send a formal letter of demand	<p>If all your attempts to contact them and receive payment have failed, consider sending a formal letter of demand. This has the potential to damage the business relationship with the customer, so think carefully before you resort to this option.</p>
6	Consider using a debt collecting agency	<p>If you still haven't been paid, you can consider using a debt collecting agency as a last resort. The agency will try to collect the outstanding money from your customer.</p> <p>Keep in mind that you and the debt collector must both abide by the laws against banned debt collection practices.</p> <p>You can face criminal penalties if you engage a debt collector who breaks consumer protection laws in trying to recover a debt</p>
7	Review the debt collection guideline for collectors and creditors	<p>Make sure your collection activities comply with consumer protection laws and review any arrangements you may have with debt collectors.</p> <p><a href="#">Debt collection guideline for collectors and creditors   ACCC</a></p>
8	Get help with dispute resolution	<p>You could contact a government department to assist with dispute resolution such as Victorian Small Business Commission (CBSC), Victorian Civil and Administrative Tribunal (VCAT) or Consumer Affairs Victoria (CAV).</p>

## Question 2

List five (5) debt collection practices that are banned in Victoria.

### ASSESSOR INSTRUCTIONS:

Students must list any five (5) of the banned debt collection practices in Victoria from the list below.

Certain debt collection practices are banned in Victoria. These include:

- entering or threatening to enter a private residence without lawful authority
- using any threat, deception, or misrepresentation to obtain consent to enter a private residence
- refusing to leave a private residence or workplace when asked to do so
- exposing or threatening to expose a person or a member of that person's family to ridicule or intimidation
- using a document that looks like an official document but is not
- impersonating a government employee or agent
- attempting or threatening to possess any property to which you are not entitled. For example, when collecting a debt, you must not say you are going to seize a home or other property that you cannot legally take
- disclosing or threatening to disclose debt information, without the debtor's consent, to any person who does not have a legitimate interest in the information
- making a false or misleading representation regarding the nature or extent of a debt, or the consequences of not paying a debt. For example:
  - falsely representing that a debt is a fine or other penalty imposed by law, or that a person has committed an offence
  - threatening to make a false or misleading credit report.
- contacting a person by a method that they have asked not to be used unless there is no other means available. For example, you must not contact a debtor at their workplace when they have asked to be contacted only at home, or contact them directly when they have asked that all communications be handled by their lawyer or financial counsellor
- contacting a person about a debt after they have advised in writing that no further communication should be made about that debt. This applies unless you:
  - contact the debtor through an action issued by a court or VCAT
  - are threatening the debtor with court or VCAT action that the creditor intends to take
  - are communicating with the person to comply with a requirement under the National Credit Code. For more information, visit [Credit - ASIC](#).
- communicating with a person under 18 about a debt, if the person is not the debtor
- demanding payment of a debt from someone without having a reasonable belief that they are the debtor. For example, demanding payment from every 'J Smith' who resides in a suburb in an attempt to collect a debt owed by John Smith
- communicating with a person in a manner that is unreasonable in its frequency, nature, or content. For information on appropriate hours and frequency of contact, visit [Debt collection guideline: for collectors and creditors - ACCC](#).

Source: <https://www.consumer.vic.gov.au/licensing-and-registration/debt-collectors/banned-debt-collection-practices>

## Question 3

Review the case *Megalift v Terminals [2009]*. In your own words, provide a summary of the case in point form. Reference your source/s. (350-400 words)

Your answer must include:

- The background and facts of the case
- Where the case was heard
- The case findings/outcomes



## ASSESSOR INSTRUCTIONS

Students must summarise the case in point form and include the background/facts of the case, the court it was heard in and the court outcomes and case findings. A benchmark response is below.

Where was the case heard?
Megalift v Terminals [2009] was heard in the Supreme Court of NSW
Background/facts of the case
<ul style="list-style-type: none"><li>• Terminals employed Megalift to elevate a 270-tonne sphere by means of a barge on Terminals' land.</li><li>• Megalift needed to excavate some of Terminals' land to lift the sphere from the barge and safely transport it.</li><li>• This resulted in unnecessary delay and added costs.</li><li>• Megalift claimed from Terminals the extra amount it incurred owing because of the excavation and sent Terminals a tax invoice more than the initial quote.</li><li>• Terminals cross-claimed the excavation costs.</li><li>• Megalift submitted 2 quotes to Terminals.</li><li>• The first quote was sent on 21.03.06 and Terminals issued a Purchase Order on 04.04.06.</li><li>• A revised quote was sent on 28.04.06 and accepted by Terminals on 01 May 2006.</li><li>• Terminals claimed that the parties had entered into a contract the day when Terminal issued a Purchase Order.</li><li>• In reply, Megalift submitted that the original quote was nothing but a "budget offer" which was not capable of acceptance.</li><li>• Megalift emphasised Clause 5 of the Special Conditions in the quotation wherein it was mentioned that the "quotation" was provided for "budget purposes only".</li></ul>
Court findings / case outcomes
Megalift v Terminals [2009] was heard in the Supreme court of NSW Background of case:  The court found the following: <ul style="list-style-type: none"><li>• The acceptance of Megalift's terms of the quote dated 21.03.06 by Terminals and the issuing of a Purchase Order (the first agreement) established the contractual relationship between the parties and therefore the same was legally binding.</li><li>• An estimate provided by one commercial party to another may amount to an offer capable of acceptance".</li><li>• The original quote included both fixed prices and estimates for a Naval Architects assessment and the supply of spacer barges for an amount of \$12,000 and \$20,000 respectively and therefore it amounted to an offer and Terminals was liable to pay Megalift all costs that accrued in vicinity of the approximate charges.</li><li>• Terminals' issue of Purchase Order evidenced the acceptance of the quotation terms.</li><li>• The acceptance of the second quote by Terminals created a new agreement but that did not take away Terminals' right to sue for damages for breaching the first agreement.</li><li>• Megalift's conduct amounted to repudiation of the first agreement and Terminals was entitled to seek damages for breach of contract.</li><li>• It was decided that the term "quote" is capable of being a contractually binding offer.</li></ul> Source: <a href="https://www.owenhodge.com.au/commercial-litigation/quote-binding-offer/">https://www.owenhodge.com.au/commercial-litigation/quote-binding-offer/</a>

### Question 4

Refer to quote number Q6204 provided by Larry's Landscapes Pty Ltd to Molly's Motel Pty Ltd and explain if this is a legally binding contract based on the principles of Australian contract law. You must reference your source/s. (100-200 words)

## ASSESSOR INSTRUCTIONS

Students must specify whether the quote is a legally binding contract and why, and reference their source/s. A benchmark response is below.

Larry's Landscaping Pty Ltd  
ABN: 11 111 111 111  
Address: 123 George Street  
Melbourne VIC 3000  
Email: info@larryslandscaping.com.au  
PH: 1300 111 111



### Quote

Invoice to:  
Molly's Motel Pty Ltd  
27 Short Street  
Mollymook VIC 3104

Quote No: Q6204

DATE: 30/04/2022

Details	Invoice value
Renovations of pool and landscape of surrounding area	\$ 66,000.00
Deposit required upon acceptance of quote 20% of total = \$13,200	
Installment at 50% completion point, 30% of total = \$19,800	
Final balance due 14 days after completion, 50% of total = \$33,000	
Total including GST	\$66,000.00
Amount includes GST of: \$	6,000.00

#### Terms of agreement:

Upon deposit made, work will be scheduled to commence  
Final payment due 14 days after completion of work  
All goods and materials provided and installed remain the property of Larry's Landscaping Pty Ltd until full payment has been received.  
By signing and returning this quote along with payment of deposit you have agreed and accepted the terms and conditions.

Customer Signature: *Molly Michaels*

Customer Name: Molly Michaels

Position: Director

Date: 15/05/2022

Pay by EFT  
Bank Details  
BSB: 333 444  
ACCNT: 111 222

The quote is a legally binding contract due to offer and acceptance.

Larry's Landscapes Pty Ltd has made an offer of services to Molly's Motel Pty Ltd for a certain fee and stated the terms and conditions of the quote. Molly's Motel Pty Ltd has signed the quote, thereby accepting the offer and the conditions set out on the quote.

A quote tells your customers your terms of service and how much you'll charge. If a customer accepts your quote, it becomes a legally binding contract. Preparing good quotes can have many advantages for your business.

Source: [www. https://business.gov.au/products-and-services/contracts-and-tenders/prepare-quotes](https://business.gov.au/products-and-services/contracts-and-tenders/prepare-quotes), accessed 5/2/2022)

A quote is legally binding if it forms part of a contract. A quote becomes a contract when the trader offers work for a fixed price and the consumer accepts the offer including the conditions of the quote. Neither party can withdraw from or change the contract without the other's consent.

Source: [www. https://nt.gov.au/law/rights/quotes-and-estimates#:~:text=A%20quote%20is%20legally%20binding,contract%20without%20the%20other's%20consent](https://nt.gov.au/law/rights/quotes-and-estimates#:~:text=A%20quote%20is%20legally%20binding,contract%20without%20the%20other's%20consent).

## TASK 2: Client Letter



*Email subject: Client letter*

Hi there,

Thanks very much for the research you conducted. It has been most useful.

Could you please draft a letter to Larry from Larry's Landscapes Pty Ltd to advise whether they have followed the proper guidelines to collect the debt in compliance with Victorian guidelines.

Please include in your letter the steps they can take moving forward to collect the outstanding debt.



Warm regards,

Andrew | Manager  
[andrew@ace.finance](mailto:andrew@ace.finance)

### Instructions to Students

In the space provided, compose a letter to Larry's Landscapes Pty Ltd to advise Larry if the debt collection procedures taken so far follow Victorian guidelines and what further action should be taken to recover the debt. Your letter is to provide a summary of the debt collection activities taken thus far and how each action does/doesn't comply. It must also provide Larry with the advice he needs on what action needs to be taken from this point onwards and sources that he may refer to and use for each step. Your letter must be professional and grammatically correct. (400- 500 words)

### ASSESSOR INSTRUCTIONS

Students must draft a professional letter that is grammatically correct. It must outline the debt collection activities taken so far and whether they are compliant and the steps to be taken going forward with sources for Larry to refer to. A benchmark letter is provided below:



Ace Finance & Accounting  
PO Box XXX  
Melbourne Vic 3000  
PH: 03 9999 9999  
Email: [admin@ace.com.au](mailto:admin@ace.com.au)

XX/XX/2022

Mr Larry  
Larry's Landscapes Pty Ltd  
123 George Street  
Melbourne Vic 3000  
Australia

Dear Larry,

**RE: Guidelines to debt collection with Victorian Guidelines**

Thank you for your enquiry with regards to debt collection in compliance to follow with Victorian guidelines.

I have investigated the contact history with your client and according to the guidelines you have taken the appropriate steps to following up on the outstanding debt of \$33,000.

The process to follow in compliance with the ACCC and ASIC are highlighted below, please note that you will be following the steps from 3 as you have already completed step 1 and 2 as your final contact via email was 28 days after the invoice was due.

So far you have sent two emails as a reminder that count toward the 'reminder notice' being sent to Molly's Motel Pty Ltd, however, in step three, due to your circumstances not offering a payment plan, I suggest you offer the option in your third contact 'final notice'.

**Steps to follow:**

1. Send a friendly reminder by contacting the customer by email or phone
2. Send an overdue payment reminder of the details of the invoice and amount that is overdue and payable. A request of immediate payment should be made and include an option of a payment plan.
3. Send a final notice email to firmly request an immediate payment and note that further action will be taken should the amount not be settled. Ensure to include in the email:
  - a. Details of the invoice
  - b. Due date and period the invoice is overdue
  - c. Your previous attempts of contacting them to follow up on the debt
  - d. Include an option of a payment plan



- e. Provide them with a due date to settle the invoice or respond with an agreement for a payment plan within 7 days or you will pursue further action.
4. As you have previously attempted to contact them via telephone, I suggest you make another attempt to contact them via telephone and if there is no response at this time, you may visit the customer in their premises at the prescribed hours of contact in compliance with the regulations. Ensure to login your contact attempts for your records.
  - a. Contact by telephone hours: 7.30am to 9pm Monday to Friday
  - b. Contact in person: 9am to 9pm Monday to Friday
5. Send a formal letter of demand to persuade the customer to make a payment within a certain timeframe to avoid formal proceedings
6. Consider a debt collection agency
7. Contact either of the following government agencies for a dispute resolution before taking further action via a court system:
  - a. Victorian Small Business Commission (CBSC),
  - b. Victorian Civil and Administrative Tribunal (VCAT) or
  - c. Consumer Affairs Victoria (CAV).

I hope that helps with the steps you can take at this stage. I advise that we exhaust these avenues before taking a formal legal action as it may be costly.

Please do not hesitate to contact me on (03) 9999 9999 if you have any queries or would like further assistance.

Yours Sincerely

*Student*

Student name

Ace Finance & Accounting

### TASK 3: Email Client



*Email subject: Client email*

Hi there,

Thank you for providing such clear and sound advice to Larry. He has followed all the steps highlighted in your letter but unfortunately still has not recovered any of the \$33,000 debt from Molly's Motel Pty Ltd.

Larry now wishes to take legal action based on the Victorian Court System. Please send Larry an email to advise what action Larry's Landscapes needs to take to commence proceedings with the Victorian Civil and Administrative Tribunal (VCAT).



Warm regards,  
 Andrew | Manager  
[andrew@ace.finance](mailto:andrew@ace.finance)

### Instructions to Students

In the space provided, compose an email to Larry’s Landscapes Pty Ltd to advise them how to commence proceedings with VCAT. (150-200 words)

### ASSESSOR INSTRUCTIONS

Students must compose an email to Larry from Larry’s Landscapes Pty Ltd to advise how to commence proceedings with VCAT. A benchmark letter is provided below:

Dear Larry,

Andrew has advised that you wish to commence legal proceedings against Molly’s Motel Pty Ltd through the Victorian Civil and Administrative Tribunal (VCAT).

As the applicant, the first step you need to take is to obtain an 'Application to Civil Claims List' form by calling the VCAT Civil Claims List Registry on (03) 9628 9830 or 1800 133 055 outside the Melbourne metropolitan area or by downloading the form from [www.vcat.vic.gov.au](http://www.vcat.vic.gov.au). A copy of the 'Civil Claims Guide' can also be obtained at the website.

Fill in the application form and send it off to VCAT with the appropriate fee. Once received, the Registrar will send a copy of your application to Molly’s Motel Pty Ltd [the respondent] Shortly thereafter, you will be notified of the time, date, and place for the hearing of your claim. You must attend the tribunal at the time and date set out in the letter.

Please let me know if I can be of any further assistance in this matter.

Yours sincerely,  
 Student name

### TASK 4: Debt Collection Procedure



*Email subject: Debt Collection Procedure*

Hi there,

I have advised Larry from Larry’s Landscapes Pty Ltd that the company should have a debt collection procedure in place and Larry has engaged our services to complete this task.

I would like you to draft a Debt Collection Procedure for Larry’s Landscapes using the template provided, based on [www.business.vic.gov.au](http://www.business.vic.gov.au) *Manage Overdue Payments and Debt Recovery* guidelines. I have formatted the template and inserted the Larry’s Landscapes Pty Ltd logo which Larry has authorised us to use for this project. I would also like you to draft letters, emails and telephone scripts using the templates found in the guidelines and attach them to the end of



the policy, where indicated, including which stage of the debt collection procedure they relate to.

Please have this task completed for review by the end of next week.



Warm regards,

Andrew | Manager  
[andrew@ace.finance](mailto:andrew@ace.finance)

## Instructions to Students

Research and complete the Debt Collection Procedure Template for Larry's Landscapes, based on [www.business.vic.gov.au](http://www.business.vic.gov.au) *Manage Overdue Payments and Debt Recovery* guidelines. You must complete the following sections of the Debt Collection Procedure Template:

1. Offer and Acceptance
2. Credit Terms
3. Debt Collection Procedure
4. Record Keeping
5. Appendix

For the completion of the Appendix, you will need to access the templates set out in the [www.business.vic.gov.au](http://www.business.vic.gov.au) guidelines researched above and customised these downloadable templates for use by Larry's Landscapes.

## ASSESSOR INSTRUCTIONS

Students must complete the following sections of the Debt Collection Procedure template:

1. Offer and Acceptance
2. Credit Terms
3. Debt Collection Procedure
4. Record Keeping
5. Appendix

The Appendix must include downloadable templates from [www.business.vic.gov.au](http://www.business.vic.gov.au) *Manage Overdue Payments and Debt Recovery* guidelines (source: <https://business.vic.gov.au/business-information/finance/get-paid-on-time/manage-overdue-payments-and-debt-recovery>) and be customised to meet the needs of Larry's Landscapes.

Students must recognise that the quote represents an offer and the payment of deposit and signing of the quote represents acceptance of this offer.

Students **must** specify the following credit terms:

- 20% deposit of quoted amount
- 30% progressive payment of quoted amount
- 50% of original quoted amount, being the final tax invoice amount (14-day terms)

A benchmark response is below.





# DEBT COLLECTION POLICY AND PROCEDURE

## Assessor Guide





## Debt Collection Policy and Procedure

### Policy

#### Debt Collection Policy and PURPOSE AND SCOPE

1. The purpose of the policy and procedure is to collect outstanding debts from customers as they are due
2. Debt Collection is an important part of the accounting function and integral to the cashflow of the business as required by the *Corporations Act 2001* and in compliance with legislative bodies and government.
3. This policy and procedure provides a framework for the application and management of debt collection.

### Terminology

For the purposes of this policy and procedure, the following terms apply:

ATO: Australian Taxation Office  
ASIC: Australian Securities and Investment Commission  
Corporations Act 2001  
ACCC: Australian Competition and Consumer Commission

### Procedure

The steps provided are to be followed to recovering overdue payments from customers

#### Offer and Acceptance (*section to be completed by student*)

- Customer information is provided upon initial contact
- The customer is provided with a quote based on their desired project
- The customer is required to sign the quote upon agreement to the price provided and time frame
- The customer will pay the deposit of 20% of the quoted price upon agreement

#### Credit Terms (*section to be completed by student*)

- The customer is to deposit 20% of the quoted price upon agreement of the quote
- The customer is to deposit an addition 30% of the quoted price as progress payment when the project is 50% completed
- Final invoices are issued on the day the project is completed and credit terms on this invoice are 14 days from date of issue for all customers

**Debt Collection Procedure (section to be completed by student)**

Follow the [www.business.vic.gov.au](http://www.business.vic.gov.au) Manage Overdue Payments and Debt Collection guidelines

**Step 1: Send a friendly reminder notice**

Send a copy of the Tax Invoice via email with a friendly reminder that payment has fallen due and payable, three (3) days after the payment due date  
Use the Friendly Reminder Notice Email template in the appendix.

**Step 2: Send an overdue payment reminder**

Send an email to the customer once the invoice is fourteen (14) days overdue  
Use the Overdue Reminder Notice Email template in the Appendix.

**Step 3: Send a final notice**

Send a final notice when the invoice is 30 days overdue  
Use the Final Notice Email template in the Appendix

**Step 4: Make direct contact**

Telephone the customer to discuss payment options  
Use the Follow-up Contact Script in the Appendix as a guide

**Step 5: Send a formal letter of demand**

Use the Formal Demand Letter template in the appendix as a guide

**Step 6: Engage the service of a debt collection agency****Step 7: Dispute resolution**

Contact the Victorian Civil and Administrative Tribunal (VCAT) to make a claim.

**Record Keeping (section to be completed by student)**

All records of contact such as emails and telephone are to be logged and hardcopies stored in customer file to meet privacy requirements  
Authorised personnel may have access for the purpose of customer follow up or legal proceedings

## **APPENDIX (section to be completed by student)**

This appendix contains templates to be used throughout the debt collection process, including:

Friendly reminder notice email template  
Overdue reminder notice email template  
Final notice letter template  
Direct telephone call script  
Formal letter of demand letter template

### **STEP 1 Friendly Reminder Notice Email Template:**

To: (Insert recipient email -generally accounts payable- here)

cc: (insert other relevant emails (e.g., Business Director or owner) here)

Subject: Tax Invoice (insert invoice number) Payment Reminder - IMPORTANT

Dear (insert accounts payable name)

Use their name as it makes it more personal.

This is a friendly reminder that the attached invoice has now fallen due:

Invoice Date: (insert date of original invoice)

Invoice No: (insert invoice number)

Invoice Amount: (insert invoice amount)

We understand that oversights happen but would appreciate prompt payment of this amount. Could you please let me know when I can expect payment? If payment has already been made, please disregard this email.

Thanks in advance for your cooperation.

**STEP 2 Overdue Reminder Notice Email Template:**

To: (Insert recipient email -generally accounts payable- here)

cc: (insert other relevant emails (e.g., Business Director or owner) here)

Subject: Overdue Tax Invoice (insert invoice number) Reminder – URGENT ACTION REQUIRED

Dear (insert accounts payable name)

Use their name as it makes it more personal.

We regret to advise that the following invoice is now 14 days overdue:

Invoice Date: (insert date of original invoice)

Invoice No: (insert invoice number)

Invoice Amount: (insert invoice amount)

We require immediate payment of this amount to avoid further action. Could you please let me know when we can expect payment?

If payment has already been made, please disregard this email.

Thanks in advance for your understanding and cooperation.

Best regards,

Larry

Director

Larry's Landscapes Pty Ltd



**STEP3 Final Notice Email Template:**

To: (Insert recipient email -generally accounts payable- here)

cc (insert other relevant emails (e.g., Business Director or owner) here)

Subject: FINAL NOTICE Overdue Tax Invoice (insert invoice number) Reminder – URGENT ACTION REQUIRED

Dear (insert accounts payable name)

Use their name as it makes it more personal.

We have tried contacting you on numerous occasions regarding the following unpaid invoice which is now over 30 days overdue:

Invoice Date: (insert date of original invoice)

Invoice No: (insert invoice number)

Invoice Amount: (insert invoice amount)

This matter has now reached a critical point and we require immediate payment of this amount to avoid further action. Please contact me immediately to advise when we can expect payment of this outstanding amount.

If payment has already been made, please disregard this email.

Thanks in advance for your understanding and cooperation.

Best regards

Larry

Director

Larry's Landscapes Pty Ltd

#### **STEP 4: Direct Contact Telephone Call Script**

Hi (insert accounts payable name here)

It's Larry from Larry's Landscapes. I am contacting you to follow up an overdue invoice. I have sent you a few emails and really need to know when we can expect this to be paid. The invoice is now more than 30 days overdue, and this is really impacting my business.

Quote the invoice details including invoice number, date and amount.

Try and get a commitment to get the invoice paid that day. If they cannot pay it on the day, ask when it will be paid.

Ensure you follow up on the day that they say it is going to be paid and if it is still unpaid then move to the formal letter of demand





### **STEP 5: Formal Letter of Demand**

(Insert Customer Name)

(Insert address line 1)

(Insert address line 2)

Date: (insert current date)

Dear (insert customer name),

Re: Letter of Demand for unpaid invoice

Invoice Date: (insert date of original invoice)

Invoice No: (insert invoice number)

Invoice Amount: (insert invoice amount)

As you are aware the above invoice remains unpaid by you. Despite numerous reminder emails and telephone calls requesting payment of this account, the debt remains owing.

Accordingly, we advise that if payment in the sum of (insert invoice amount here) is not received by this office within seven days of the date of this letter, we will instruct our solicitor to issue proceedings against you, to recover the unpaid debt together with our legal costs.

Yours sincerely,

Larry

Director

Larry's Landscapes Pty Ltd

## Assessment checklist

Students must have completed all activities within this assessment before submitting. This includes:

Task 1		
1	Short answer questions – Assessment 2 Workbook	<input type="checkbox"/>
Task 2		
1	Letter to Larry’s Landscapes– Assessment 2 Workbook	<input type="checkbox"/>
Task 3		
1	Email to Larry’s Landscapes– Assessment 2 Workbook	<input type="checkbox"/>
Task 4		
1	Debt Collection Procedure Template	<input type="checkbox"/>



**Congratulations you have reached the end of Assessment 2!**

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