

Financial Procedures Sydney Centre

Financial Provision for Taxation Strategies

Type of Tax	Strategy to enable financial provision	Process to maintain your strategies
GST (Goods & Services Tax)	A current liability can be created to record the GST collected from each sales transaction and the equivalent amount of cash kept in a separate bank account to enable adequate financial provision for goods and services tax. This ensures that when the GST collected must be remitted to the Australian Taxation Office; sufficient cash is available to make the payment.	<ol style="list-style-type: none"> 1. Remain informed about the current requirements, as the regulations may change. 2. Review the ATO's taxation requirements for businesses on at least an annual basis. 3. Enlist the services of specialists like tax advisors. 4. Test your systems and controls. 5. Review your tax governance framework periodically.
Business Income Tax	To enable adequate financial provision for business income tax, a current liability can be created every month to hold the approximate tax instalment amount and the equivalent amount of cash kept in a separate bank account. This ensures that when the business income tax must be remitted to the Australian Taxation Office, sufficient cash is available to make the payment.	<ol style="list-style-type: none"> 6. Review your policies and procedures periodically to ensure they are up to date with current tax laws. 7. Ensure accounting and tax staff undertake continuing professional development to maintain their skills and knowledge.
PAYG Withholding Tax	To enable adequate financial provision for PAYG Withholding Tax, a current liability can be created to hold the PAYG Withholding Tax deducted from each pay run and the equivalent amount of cash kept in a separate bank account. This ensures that when the PAYG Withholding Tax must be remitted to the Australian Taxation Office,	<ol style="list-style-type: none"> 8. Maintain up-to-date tax modules in your accounting systems.

	sufficient cash is available to make the payment.	
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Sydney Centre Credit Policy and Procedure

Credit Policy

<p>Bounce Fitness values its relationship with customers and endeavours to continuously meet its obligations in a prompt and efficient manner. It has the same expectations of its customers in regard to their relationship with Bounce Fitness Sydney Centre.</p> <p>A good cash flow allows Bounce Fitness Sydney Centre to function smoothly and work within 30 days from the date of invoice. This collection period will allow the majority of payments to be received before the BAS has to be submitted.</p> <p>All customers requesting credit for the purchase of goods or services from Bounce Fitness Sydney Centre will:</p>	
<p>Be subject to a Credit Check</p>	<p>Customers to complete a Credit Application with Dun and Bradstreet:</p> <ul style="list-style-type: none"> • At least two referees will be conducted to check the customer's account conduct • The customer credit limit and credit terms to be offered will be explained • If, because of this investigation, there are any doubts, the client must pay cash for the first invoice and then work to a 30-day account.
<p>Trading Terms</p>	<p>Bounce Fitness Sydney Centre offers all customers a period of 30 days from the date of the invoice to settle their account.</p> <ul style="list-style-type: none"> • Trading terms are included in the invoice
<p>Invoices</p>	<p>When will invoices be sent out?</p> <ul style="list-style-type: none"> • Memberships – On the first of the month during which the membership will expire • Services – Weekly or on completion of the service • Property – On despatch of the item purchased
<p>Person in Charge of Account Recoveries</p>	<p>Martin Saunders, Assistant Manager (Sydney Centre):</p> <ul style="list-style-type: none"> • Review Debtors' Trial Balance weekly • Target Debtor Days (Refer to Procedures / Financial Procedures/ Credit Collection) • Reminder letters, emails, taxes (Refer examples Documents / Financial / Reminder letters)

Credit Collection Procedure

<p>Bounce Fitness Sydney Centre has prepared a guide to assist in the collection of outstanding account procedures to ensure proper internal controls, segregation of duties, and adequate safeguards of Bounce Fitness Sydney Centre assets and cash flow.</p> <p>Internal controls are necessary to prevent mishandling of funds and to safeguard against loss. Strong internal controls also protect employees from inappropriate charges of mishandling funds by defining responsibilities in the cash handling process.</p>
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The Sydney Centre Manager, Jacinta Scotts, is responsible for the collection of outstanding accounts and complying with credit policies and procedures.

The General Manager Finance has final responsibility and is consulted by the Sydney Centre Manager, Jacinta Scotts when required as per the schedule following.

Collection Procedures Schedule

(For amounts outstanding in excess of 30 days)

	Timing Action	Action to be Taken	Responsibility
1	Memberships – Monthly	Invoice sent on the first of the month during which the membership will expire	Martin Saunders, Assistant Manager (Sydney Centre)
	Services – Weekly	Weekly or on completion of the service	
	Property – At the point of sale	On despatch of item purchased	
2	One week after Month End	Print out Debtors Trial Balance	Martin Saunders, Assistant Manager (Sydney Centre)
3	28 Working Days later	Email, fax. or post Letter 1 to all customers	Martin Saunders, Assistant Manager (Sydney Centre)
4	28 Working Days later	Email, fax. or post Letter 2 to all customers	Martin Saunders, Assistant Manager (Sydney Centre)
5	10 Days later	Ring customers, if unsuccessful, send Letter 3	Martin Saunders, Assistant Manager (Sydney Centre)
		Consult with the General Manager to be advised to:	Jacinta Scotts, Sydney Centre Manager
6	10 days later	Stop credit, send Letter 4	Martin Saunders, Assistant Manager (Sydney Centre)
		Negotiate to arrange payment	
7	Within 10 Days	Order solicitor's Letter of Demand	General Manager Finance

KPIs

Description	KPI	Calculation formula
A KPI that measures how much money a business makes by the sale of products and services before deducting expenses	Revenue	$Revenue = Sale\ price \times No.\ of\ Units\ Sold$
A KPI that measures the ratio of net profits to revenue	Net Profit Margin	$Net\ Profit\ Margin = \frac{Total\ Revenue - Total\ Expenses}{Total\ Revenue} \times 100$

<p>A KPI that measures the profitability of your investment and helps assess the profit made from a business investment or a business decision</p>	<p>Return on Investment (ROI)</p>	<p>There are many ways to calculate ROI.</p> $ROI = \frac{\text{Net Profit}}{\text{Cost of Investment}} \times 100$ $ROI = \frac{\text{Earning Before Interest and Tax (EBIT)}}{\text{Capital Employed}}$
<p>A KPI that measures when the revenue will cover the cost</p>	<p>Break – Even Point</p>	$\text{Breakeven Point} = \frac{\text{Fixed Costs}}{(\text{Sales price per unit} - \text{Variable Cost per unit})}$