



Case Study 04

Bookkeeping Methodology – Real Estate

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This document helps to frame up policies and procedures for bookkeeping to ensure that the work is done in best manner.

About Business

1. Business is into real estate technology business.
2. They deal in QB Accounting Software.
3. Full Fledged bookkeeping required.

Opening balances

Need tax returns of previous year to ensure the opening balance as per return and Trial balance matches.

Sales

1. Which accounting software is used to track sales?
2. What is invoicing terms generally? It appears that they are mainly issued on due on receipt basis.
3. When are sales invoices issued? After completion of work?
4. What about the recurring contracts for design? Is the sales revenue Split between various months in case the invoice is issued in lump sum?
5. What about work in progress on month on month basis for the contracts whose work is done but sales invoices not booked?
6. Can we set up recurring sales invoices for repeating clients?.

Expenses

Main payment is to Adwords, Bing and social network advertisers.

Payroll

- Gusto Payroll is used.
- We would Sync Gusto Payroll with QB online to help in automation and increase in accuracy level

Bank

- Expenses are recorded mainly through bank payments
- How to classify what expenses are paid via Accounts Payable and which are through cheque Payments?
- Bank Feeds need to be matched on a daily basis so that transactions can be reconciled
- Need to download transactions via bank downloads and import QB web connect file

Management Reports

- What are management reporting requirements?
- Some of the management reports which we can generate are:
 - ✓ Monthly P&L
 - ✓ Monthly Balance Sheet
 - ✓ Cash Flow Forecast
 - ✓ Monthly Sales tax payable
 - ✓ Expense by Vendor
 - ✓ Monthly Salary by employee
 - ✓ Cash Balance by week

Budgeting

- Do we have budgeting in force for financial reporting?
- Do we prepare a report for comparison with budgets?
- We can keep key performance indicators for Big human and analyse them on monthly basis like:
 - Number of clients month on month
 - Number of man hours worked
 - Number of recurring contracts fetched
 - Profitability per project

- We can do below reports in budgeting:
 - Monthly , quarterly and yearly forecast of revenue based on
 - Recurring invoices
 - Services to be performed each month
 - Past trend
 - Monthly , quarterly and yearly forecast of Expenses based on
 - Fixed contracts for recurring expenses
 - Past trend in expenses

Budgeting

- We can do class tracking for profitability per customer and per project in Xero Checklist of tasks to be done by Bookkeeper:

Checklist

SN	Area	Task	Frequency	Person Responsible
1	Account Receivable	Recording of Sales invoices and Payments	Daily	Rushabh
2	Account Receivable	Reconcile AR Balances between Harvest and QB on weekly basis.	Weekly	Rushabh
3	Bank	Clearing of Undeposited funds	Daily	Rushabh
4	Bank	Accounting & Reconciliation for Chase Operating	Twice Weekly	Rushabh
5	Bank	Accounting & Reconciliation for Chase Chase Payroll	Twice Weekly	Rushabh
6	Payroll	Receive Data of Payroll Processed	Fortnightly	Rushabh
7	Payroll	Payroll Expense to be entered from Paychex	Fortnightly	Rushabh
8	Accounts Payable	Receiving bills to be entered in Accounts Payable	Weekly	
9	Accounts Payable	Recording of Accounts Payable for all the bills received on Friday	Weekly	Rushabh
10	Accounts Payable	Send a report of Accounts Payable to Accounts incharge		Rushabh
11	Monthly tasks	Recording of Work in progress for un invoiced work	Monthly	Rushabh
12	Monthly tasks	Accounting for Prepaid Expenses	Monthly	Rushabh
13	Monthly tasks	Reversal of prepaid expenses	Monthly	Rushabh
14	Monthly tasks		Monthly	Rushabh
15	Monthly tasks	Sales tax Payable report	Monthly	Rushabh
16	Monthly tasks	Recording of Depreciation	Monthly	Rushabh

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