

# BECOME AN ICNZB CERTIFIED BOOKKEEPER

**VOL 1**

**+ THE ESSENTIALS OF  
BOOKKEEPING**

Ever wondered what a Bookkeeper does? In this guide you will learn just that - how they do it and what support is available for them.

CONTACT  
**0508 422 692**  
[info@icnzb.org.nz](mailto:info@icnzb.org.nz)

WEB  
[www.icnzb.org.nz](http://www.icnzb.org.nz)



# INSIDE...

## SECTIONS

<b>What is bookkeeping?</b>	<b>03</b>
<b>A Bookkeepers skills</b>	<b>06</b>
<b>How does a Bookkeeper “do” bookkeeping?</b>	<b>09</b>
<b>What qualifications are required?</b>	<b>15</b>
<b>How are Bookkeepers supported?</b>	<b>17</b>

The information in this guide is general in nature and is intended to be informative only. This is not professional advice. Professional advice should be sought as required.



### Acknowledgements

Special thanks to Irene Bennetts of [Admin Army](#) who worked with the team at ICNZB to develop the content for this guide.

## SECTION

## 01

# WHAT IS BOOKKEEPING?



**bookkeeping**  
/'bʊkki:pɪŋ/

*"The activity or occupation of keeping records of the financial affairs of a business"*

# WHERE IT ALL STARTED

It was over 500 years ago that Luca Pacioli, an Italian mathematician and Franciscan friar who worked with Leonardo da Vinci, wrote about the system of double entry bookkeeping, where every debit value has a corresponding credit. It is generally accepted that the merchants in Italy had used a similar accounting system for centuries, but Luca's publication is a landmark in the history of bookkeeping.

## Standard bookkeeping tasks

Bookkeeping has always been about recording and classifying all the financial transactions passing through a business. Traditionally, Bookkeepers wrote these in daybooks, cashbooks and journals and then transferred them to a ledger, so a Bookkeeper was literally a "keeper of the books". Although bookkeeping and accounting software has now widely replaced the need to keep records by hand, a Bookkeeper still enters all the transactions into the system and performs the necessary reconciliations to ensure the information is accurate and the business is compliant. The types of entries a Bookkeeper would usually deal with are:

- Purchases and sales invoices, receipts and payments
- Bank reconciliations
- Reporting for GST
- Reporting for the business owner or managers and the accountant
- Payroll and looking after employee leave entitlements and records

## The modern Bookkeeper

Today, the modern Bookkeeper covers all the standard bookkeeping tasks but harnesses technology to automate as much of the bookkeeping work as possible. This means that the focus for the modern Bookkeeper has changed from data entry to:

- Helping the business understand its financial information
- Improving business systems
- Validating the data and reporting key information about business performance
- Managing technologies and systems to ensure they are performing as required
- Ensuring that the business remains compliant with legislation

Think of it like you are the engine room of an accounting team – maintaining all financial records and being a key point of contact between the business owner/team and the businesses Accountant.

# Xero makes bookkeeping beautiful



**As the founding sponsor of ICNZB, Xero is proud to support the bookkeeping community.**

Xero's beautiful cloud-based accounting software connects people with the numbers anytime, anywhere, on any device. Xero gives you access to your up-to-date financial information whenever you need it. And it gives you easy ways to work with your small business clients and support them. It also gives you online access to tools, training and support for getting up and running with Xero to efficiently manage day-to-day tasks.

[Explore courses and webinars now](#)





## SECTION

## 02

# A BOOKKEEPERS SKILLS

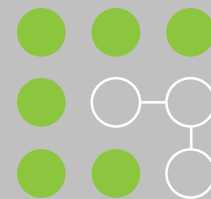


**Bookkeepers must master a variety of hard skills, as well as possess some soft skills.**

# REQUIRED SKILLS



## WHAT SKILLS SUIT BOOKKEEPING?



*"For me it's all about relationship development, without it we don't have a client. Knowledge, honesty and trust are paramount. And of course, 'banter'."*

*Ann Dickie, Rockabilly Books  
ICNZB Certified Bookkeeper, Canterbury*

*"I have learnt a number of things while bookkeeping for clients and believe the key skill is communication with suppliers, clients and staff."*

*Di Ketel, Bookkeepers NZ  
ICNZB Certified Bookkeeper, Hawkes Bay*

The first (and probably most important!) skill to have is Mathematics, for obvious reasons! The ability to do basic maths – addition, subtraction, multiplication and division, is essential, as well as the ability to balance books. Although there are a lot of accounting software options to use (Xero, MYOB etc.) you still need to be able to do basic maths to be able to determine when something is not right, and how to unravel and fix the problem.

Other skills that are essential to being a good Bookkeeper are:

### **Understanding of the accounting equation**

You need to have an understanding of the accounting equation in order to complete bookkeeping for clients. Without it, you are likely to make numerous mistakes which could be costly.

The accounting equation is a basic principle of accounting and a fundamental of the balance sheet.

The equation is:  $\text{Assets} = \text{Liabilities} + \text{Equity}$ .

### **Organisation and discipline**

As a Bookkeeper, you are likely to have multiple clients to manage and there are important deadlines (such as GST / Tax returns etc.) that you must be able to meet. You will need to be able to organise yourself to provide the level of service that is expected.

### **Communication**

Again, having multiple clients and deadlines to meet means you must be able to communicate well. This relates to general day-to-day communication, but also communicating and presenting information in a way that your client can understand.

### **Attention to detail**

Bookkeepers deal with all financial transactions of a business and therefore an attention to detail is a must. You need to be able to ensure all transactions are entered correctly (down to the cent!) and spot when things don't look quite right.

### **Computer skills**

Gone are the days of hand writing (yes, pen and paper!) all business transactions. 99.9% of the time bookkeeping is managed in computerised accounting systems – whether it be online software programmes like Xero and MYOB, or within Excel, you will need to have basic computing knowledge to be able to work with your client's systems. It's also highly likely that communication will be done using email etc.

### **Problem solving**

If there is an anomaly or irregularity, chances are it will fall on you to determine what the problem is. Having the ability to problem solve and work under pressure is crucial if you want to succeed as a Bookkeeper.

### **The ability to see the bigger picture**

You must be able to see the bigger picture for the business / client you work for, to avoid any errors or potential issues in the future. For example, moving money between accounts to make one side balance could throw out accounts elsewhere in the system.



## SECTION

## 03

# HOW DOES A BOOKKEEPER “DO” BOOKKEEPING?



**The functions a bookkeeper are expected to perform are core to your clients operations.**

# ACCOUNTS RECEIVABLE

Accounts Receivable involves invoicing customers and then tracking the payments of those invoices. This will often mean you will be responsible for following up on overdue invoices.

You want to ensure there are clear payment terms and that these are included in any contracts / agreements between your clients and their clients/customers.

Create and send sales invoices as soon as possible (based on the client's procedures- eg., are goods and services invoices and paid for before being delivered?), ensuring the payment terms are noted on the invoice.

Keep track of the bank statements and incoming payments regularly to ensure payments are allocated to the invoices in a timely manner.

And once payment due dates are missed, ensure you follow up with those clients / customers as soon as you can.

There are a number of software applications available to help manage your bookkeeping tasks (see below).

# ACCOUNTS PAYABLE

This process involves entering and paying all invoices (bills) for a company / business, ensuring they are paid on time but the business bank account doesn't get too low (good cash flow management!).

Invoices need to be entered into the clients accounting software system, ensuring they are being coded to the correct General Ledger accounts (GL codes). If you're unsure of which code they need to go against, make sure you ask- do not presume!

They then go through an approval process to make sure the client is happy that the goods and services were received, and then they are ready for payment.

Some invoices will be due for payment on the 20th of the month following, while others will have different payment terms such as 'payment within 7 days'. You must ensure that these are adhered to as these are the payment terms agreed between your client and their suppliers, and failing to meet these payment dates could result in the suppliers stopping credit, delays in delivery and ultimately bad relationships between both parties.

# BANK RECONCILIATIONS

Completing a bank reconciliation involves comparing and matching the record of transactions with the bank statements- both sets of entries should match.

They are important as they help you find and fix data entry mistakes and/or missed transactions. When doing a reconciliation, you can also assign the transactions to the correct business account and flag any tax deductible expenses for when it comes time to file a return.

As a basic guide, you want to have your business ledger open and the bank statement for the same period (if you have multiple monitors, you could have one open on each screen, or try split screen if you don't). Then, simply cross reference between the two- if you can't find a match for a transaction you will need to determine why.

# GST RETURNS

The bain of small business, you may choose to offer a GST return service. This would involve sending reminders to your clients and following up to ensure GST has been filed and paid on time. It may also involve preparing GST returns, attending to filing with [Inland Revenue](#) (IR), arranging payment and checking IR assessments.

Often your clients will rely on your specialist advice around whether GST can or should be claimed on items, including complex items like property/business purchases and sales, etc. which can be difficult from a GST perspective – so don't be afraid to seek expert advice externally (from the client's accountant for example) if necessary.

One important item to ensure you're well versed in if you are offering a full GST return service is GST reconciliations. This involves reconciling the GST return to the balance sheet GST balance and what has been filed with and paid to Inland Revenue.

# END OF MONTH REPORTING

Monthly financial reports help a business to track their progress and manage performance. They are extremely important as they show what the business is worth, how profitable it is and whether or not there is enough money coming in to keep trading.

What is shown in the reports plays an important role in business decisions and planning- such as pricing, forecasts and payment terms. They also show how much income tax the business will need to pay, which, again, is very important come end of the tax year.

Below we have outlined some of the common monthly financial reports that businesses are likely to request:

- **Balance Sheet / Statement of Financial Position:** These reports track the value of things the company owns (including cash) vs the value of what the company owes. This paints the picture of the company's current financial position, based on whether it has gained or lost value.
- **Profit and Loss Statements:** These reports outline the money earned vs the money spent, telling the company if the month was profitable or not.
- **Cash Flow Statement:** The ever important cash flow statement! This report tracks how much cash the business earned and shows the company how much money they have that can be spent.
- **Aged Receivables:** This report is an overview of who owes the company money, how much and when it is (or was) due. These reports form the basis of your debtor call list as it clearly shows who is overdue for payment.
- **Aged Payables:** This report is much the same as the above, but shows who the company owes money to, how much and when it is (or was) due to be paid. This shows the company what liabilities they have, the demand on their cash and, for any invoices that are still outstanding, what potential relationship risks there are.



# PAYROLL



Payroll is the task of processing the pay cycles for a businesses employees and is extremely important to get right for a few reasons:

- People (employees) want (and should!) get paid correctly, and on time
- Inland Revenue wants to see all the workings to ensure you are doing it correctly.

There is much more to it than simply paying the number of hours worked x the hourly rate of pay. There are things like tax and Kiwisaver contributions, deductions such as student loan or child support payments and holiday / leave entitlements to get right. Failing to follow the regulations set by government can result in fines for your clients.

The basic formula to use for processing an employee's pay is:

Gross pay (hours worked x hourly rate)  
 Pre-Tax: Less employee Kiwisaver contribution  
 Tax: Less PAYE on income tax  
 Post Tax: Less student loan repayments and child support (if applicable)  
 Net Pay (what is paid to the employee)



# NAVIGATING PAYROLL

The [Holidays Act](#) is rife with complexities and there is a clear lack of clarity provided by governing bodies which creates uncertainty for those having to administer entitlements under the act. Particular areas of concern are as follows;

- Gross Earnings is defined under the act, but no guidance on what specific types of payments is included as gross earnings
- Definition of those employees who qualify to be paid 8% as you go not clear or defined by measurable specifics. Results in this being interpreted and applied in different ways among businesses.
- Leave entitlements should be recorded in weeks as per the act, no guidance on how this should be calculated in relation to real life.
- Means of calculating payment for annual holidays differs to the calculation method for all other leave types – particularly in relation to those with a variable work pattern. AL has AWE, OWP and other leave types have ADP and RDP.
- Means of determining sick leave entitlements for part time or casual workers is complex and tricky to navigate. Only one payroll software offering a solution for this.
- Differences in all payroll providers on market, and no accountability to the act and governing bodies to ensure these are compliant before becoming a market offering.

There are also a number of software applications available for processing payroll. These systems automatically calculate pay and deductions, create payslips and generate reports. They also allow timesheets to be uploaded directly saving on data entry time.





# Become a better bookkeeper for free

At MYOB, we love bookkeepers. That's because we both help Kiwi businesses to start, survive and succeed. It's also why we created the free MYOB Partner Program. Where you can access clever online business management solutions, a supportive professional community, plus ongoing training and support.

[Discover how](#)

MYOB. Proud to be a strategic partner of ICNZB and supporter of bookkeepers across New Zealand. [myob.com](https://myob.com)

**myob**

## SECTION

## 04

# WHAT QUALIFICATIONS ARE REQUIRED?



**Are there  
formal training  
requirements in  
New Zealand for  
bookkeeping?**



# REQUIRED QUALIFICATIONS



There are currently no qualifications required to become a New Zealand Bookkeeper, however the duties performed in bookkeeping do require some level of experience and training.

There are a number of New Zealand tertiary educators who offer bookkeeping, accounting or business courses that can help you begin, or further develop, your bookkeeping career.

Many software providers also offer users the opportunity to become partners/consultants after completing their certification process which provides an element of training/learning.

A list of providers offering known courses can be found in the [knowledge base](#) section of the ICNZB website.

## SECTION

## 05

# HOW ARE BOOKKEEPERS SUPPORTED?



There are a number of professional bodies that offer membership to support Bookkeepers.





## Institute of Certified NZ Bookkeepers (ICNZB)

**By belonging to a professional body, you add a level of credibility to your name / business as well as benefiting from the support the organisation/s offer.**

Our organisation was founded in 2010, and since then has been committed to developing a professional Association, providing a dedicated support system for Bookkeepers throughout NZ and making the public aware of its existence.

There are 3 levels of membership offered within the Association:

- 1. Provisional Member:** our entry level membership. This is our entry level membership and ideal for someone looking to become a Bookkeeper, or an employee who performs bookkeeping in a business and needs access to professional development opportunities. It is your foot in the door to test the waters and make sure that ICNZB is the right fit for you.
- 2. ICNZB Certified Bookkeeper®:** This level is ideal for someone who has taken the plunge to set up their own bookkeeping business, someone contracting to another Bookkeeper or an employee of a business performing bookkeeping skills.
- 3. ICNZB Master Bookkeeper®:** Once you have held Certified Bookkeeper membership for 4 years (concurrently), you are able to apply to become a Master Bookkeeper. Master Bookkeeper level will inspire confidence and make you stand out from the crowd. As a Master Bookkeeper member, you have demonstrated a commitment to exceptionally high standards and ethics in bookkeeping.

Being a member of a professional body like ICNZB provides businesses with the reassurance that they are working with Bookkeepers whose skills have been tested by the Association and who is required to comply with our strict Code of Ethical Conduct which defines our obligations as bookkeeping professionals, and the responsibilities we have to others. The Code of Ethical Conduct guides our bookkeeping members in 3 key ways:

1. It defines what an ethical Bookkeeper looks like
2. It tells members what they need to do to be ethical practitioners (for example, keep their knowledge and skills up to date); and
3. It helps Bookkeepers decide what to do in difficult ethical situations by reference to agreed standards of behaviour.

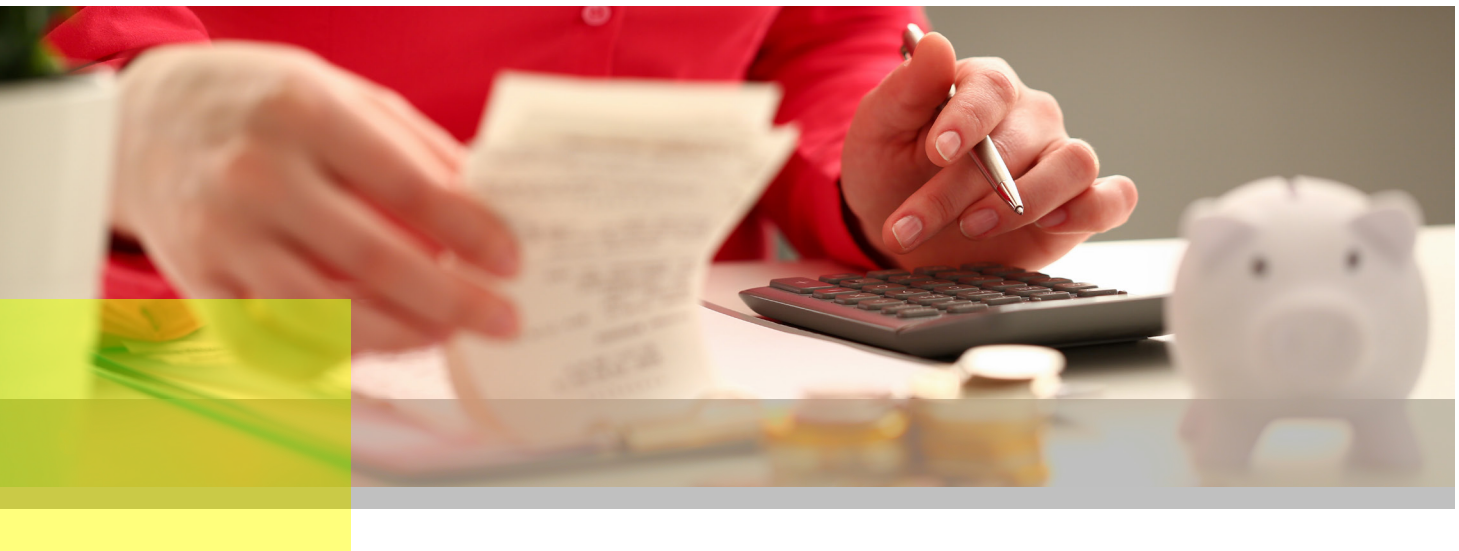
Our members also benefit from the support of other Bookkeepers through local networking events and our annual national conference and are kept fully up to date by the Association's webinars and regular newsletters.

Find out how you can join ICNZB [here](#).



**New Zealand  
Payroll Practitioners  
Association**

Developing and Supporting  
Payroll Professionals



## New Zealand Payroll Practitioners Association (NZPPA)

NZPPA is a national organisation with 1,500+ members throughout New Zealand and overseas (where NZ Payroll is processed). They are the leading professional payroll body in New Zealand with a focus on developing payroll as a recognised profession and act as an independent voice for payroll in New Zealand.

They do this by:

- Providing beginner to advanced payroll learning opportunities
- Providing essential payroll information for FREE since 2008 through their ePayroll weekly electronic newsletter
- Annual payroll practitioner certification based on four industry recognised levels
- Professional events including the largest two-day annual conference in NZ
- Payroll technical support available through the NZPPA PayTech AdviceLine (payroll Q&A, audit and new payroll selection services)
- Provides the annual payroll resource the NZPPA Payroll Practice Guide
- Writing and submitting submissions to government on legislation that impacts on the work done in payroll.

Find out how you can join the NZPPA [here](#).

## NEXT VOLUME:

### SET UP YOUR BOOKKEEPING BUSINESS

In Volume 2 of the “Become an ICNZB Certified Bookkeeper” series, you will learn how to set up a business in NZ, the different options available and what needs to be considered when getting started and growing a thriving bookkeeping business.



Copyright © 2023 Institute of Certified NZ Bookkeepers.  
All rights reserved.

No part of this document may be reproduced or copied in any form or by any means (graphic, electronic or mechanical, including photocopying or by information retrieval systems) without express permission in writing from Institute of Certified NZ Bookkeepers. The Institute of Certified NZ Bookkeepers may take legal action against a person who infringes on their copyright through unauthorised copying.