

# SMSF Accounting and Audit Fees

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## How much should the annual accounting and audit for a SMSF cost?

A difficult question to answer precisely, but in general the annual cost should be between \$2,000 and \$4,000. The size of the fund is not directly relevant – that's why SMSFs tend to be very cost effective compared to public funds when balances exceed about \$200,000

The average cost for all of the funds handled by our firm is about \$3,000 with most funds being within a range of \$2,000 to \$3,500.

*Factors influencing the costs for accounting and audit for self managed superannuation funds.*

## What type of investments does the fund hold?

Listed shares:	low cost
Managed funds:	increases the cost, especially if the managed fund is a hybrid type or has stapled securities, etc.
Property:	low cost but usually incurs an annual title search cost of about \$22.
Overseas investments:	can increase the cost significantly, especially if the investments are "unusual"
Term deposits and similar:	low cost

## Is the fund registered for GST?

Yes: usually adds about \$500 to the usual accounting fees and about \$100 to the usual audit fees.

## Is the fund in pension mode?

usually adds about \$100 to accounting fees and \$50 to audit fees for each pension account.

## How many bank accounts does the fund operate?

One or two:	doesn't make much difference.
More than two:	usually adds to the cost, especially if there are regular transfers between accounts.

## Does the fund actively buy and sell investments (regular trading)?

No:	helps to maintain low fees
Yes:	usually adds to the accounting and audit costs, especially if the trading includes options, etc. Regular trading in exotic instruments could triple the usual accounting and audit fees.

### **How many different investments does the fund hold?**

- Shares: up to about fifteen different investments wouldn't increase the usual accounting and audit costs.
- Managed funds: more than a couple will increase the cost.

### **Recordkeeping:**

Missing documentation can significantly increase the accounting and audit cost. It's especially important to keep all bank statements covering the full year for all bank accounts operated by the fund. Keep all dividend payment notices, CHESSE statements, buy and sell documents, etc. The use of one of the electronic providers such as Comsec, Etrade, etc. will lower overall costs.

It's also important to keep all documents received in relation to takeovers, demergers, rights issues, entitlement offers, etc. We can usually search out information that is missing but time is money.

Where managed funds are involved, both the quarterly distribution statements and end of year tax statements are important to assist with the accounting and audit process.

When recording transactions, simple tends to be better – an exercise book or excel spreadsheet showing what the payments out of the fund's bank account are for and what the deposits are for, is usually more than adequate.

Computerised recordkeeping (especially with non standard software) can often be counter-productive if it's not done correctly.