



A Start-up's Guide to...

*Stupid Questions You Are
Too Scared To Ask Your
Accountant*

**By Stacey Price
Healthy Business Finances**



STACEY PRICE

When you start a business as a cash strapped start-up, normally you just dive right in.

What you lack in money, you more than make up for in enthusiasm and your idea that you are so passionate about. In fact, usually you have a freaking fabulous idea. You are driven, passionate, excited, a little bit nervous, you have dipped your toe into some market research, analysed your results, your social media is going gang busters and your tribe of raving fans is growing by the minute. You are totally ready.

BUT... the one thing that most creative start-up's neglect (often willingly) is the financial side of the business. There is no process to record sales, your receipts are hiding in a shoebox, GST is an acronym that makes you shudder, the ATO is someone you hope never knocks on your door, your pricing is a number plucked out of thin air, payroll is a foreign concept (and something you assume will never be relevant) and invoicing is just... well.... something you whipped up in word or excel.

So you might have just a few questions. Actually you probably have a lot of questions.

But you are far too embarrassed to ask your accountant. Plus, you are cash strapped remember and you know that accountants cost big bucks. Or maybe you haven't found an accountant yet that you love....so you are just kind of winging it. Hoping like hell that you are doing the right thing.

And then something happens.

A customer refuses to pay you as your invoice is wrong, a supplier realises your business name is not registered and refuses to work with you again, you get an unexpected tax bill you haven't budgeted for (and have no idea what the hell it even relates to) or an employee lodges a claim for underpaid wages to Fair Work.

SHIT... SHIT... SHIT...

This was not how the entrepreneurial dream was supposed to end. Now you kind of wished you had asked those "stupid" questions to an accountant months ago.

Well this eBook is for YOU.



STACEY PRICE

I don't believe there is such a thing as a stupid question. Stupid questions are only those that are never asked – as they will always cost you – in sanity, in stress, in monetary terms, in reputation and in emotions (let's not even go there with the sleepless nights).

Your accountant should be part of your business journey. They should know all about you, your goals, the dreams you have for your business, your staff, your business processes, the highs and the lows – and quite often – they know far more than that!

If you can't ask your accountant "that stupid question" – then they are possibly not the right accountant for you. I want you to be informed. I want you to understand. I want you to succeed.

As an Accountant and Financial Coach, I have compiled over 160 of the most common business questions that we get asked from start-ups. Often we get asked the same questions every single week. They are not stupid questions – they are important questions. These questions cover everything to do with starting and running a business. The topics covered in this eBook include:

**Goods & Services Tax (GST) | Invoices | Payroll & Employees | Australian Business Numbers (ABN) |
Productivity | Financial Reporting | Pricing | End of Financial Year | Budgeting**

I hope you find these questions helpful. I hope you find the eBook useful.

And more importantly, I hope this gives you the courage to always ask those "stupid questions" – as that is how you will learn and grow.

Stacey Price

**Chartered Accountant, Financial Coach and Chief Numbers Nerd
Healthy Business Finances & FEAT group**

General Advice

The advice given in this eBook is general in nature and should be used as a guide only. Not all of these questions and answers will relate to your individual business.

This eBook should be used as a guide for things you need clarification on, and if you require further detailed information for your specific circumstances, we always recommend seeking the advice of an accountant, tax agent or financial advisor that can advise in relation to your situation.

Yes, that advice will cost you money, but the peace of mind it should bring knowing you are getting accurate and reliable information should outweigh the cost.

All information in the eBook was correct at time of publishing, however in Australia, changes in government and subsequent changes in legislation can occur at any time.

We strongly recommend building up a relationship with your accountant and not relying on “Dr Google” for financial or start-up guidance.

If you do wish to research topics on Google, we would recommend the following websites:

Australian Taxation Office – www.ato.gov.au

Australian Securities Investment Commission (ASIC) – www.asic.gov.au

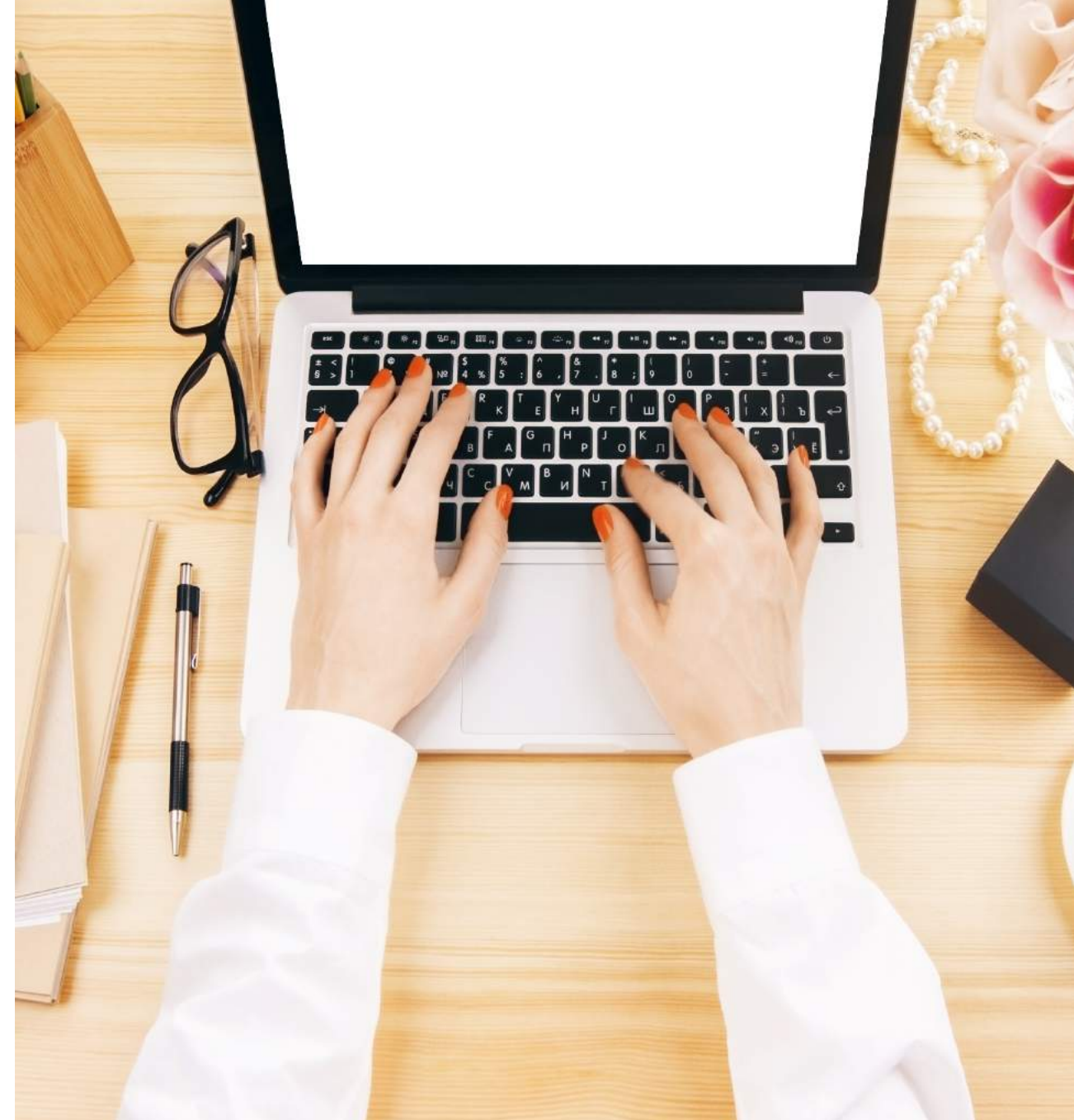
Fair Work Australia - www.fairwork.gov.au

Healthy Business Finances – www.healthybusinessfinances.com.au

Ethikate (IP & Legal) – www.ethikate.com.au

Trust 1 Partners (Tax Agents) – www.trust1.com.au

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A top-down view of a desk with a light blue wooden surface. In the top right, there is a white computer mouse and a pink coffee cup on a matching saucer. Below the mouse, several gold paper clips are scattered. In the bottom right corner, a portion of a white keyboard is visible, showing keys like Esc, F1, F2, F3, F4, 1, 2, 3, 4, Tab, Q, W, E, A, S, and D.

Goods & Services Tax



When do I need to register for GST?

The ATO works out your requirement to register for GST based on turnover. So this is generally speaking your sales - and not your profit. Once your taxable sales reach \$75,000, then you would be required to register for GST. You can voluntarily register if your turnover is below this threshold. The \$75,000 is in any given 365-day period – so not calendar year or financial year – but any given 365-day period.



Where do they calculate where the 365 starts from (in terms of registering for GST)?

The ATO can audit you at any time. So if they came today they would look at today and the prior 364 days. Plus, they would also look at your business trends for the future, to work out when you would hit the \$75k mark in the future. Once you are on the ATO's radar it is hard to get off!!



Why would anyone voluntarily register for GST?

I agree - registering for GST creates an administrative obligation. The main reasons we see clients register before hitting the magic \$75k mark - is that they want to start their business off on the right foot and get organised from day dot. GST is then sorted and they work out their software requirements all in one go. The other reason, is that when you start a business you are often struggling to make a name for yourself. Those who are not registered for GST - well their income is under \$75k and sometimes business owners don't want anyone else to know this - so they register for GST. I know it is only a perception, but it happens. Another reason is your business might spend a lot of money to get started – so you may be in a GST refund position – so claiming that GST back each quarter is a cash flow decision.



What is the difference between cash and accruals reporting for GST?

Cash reporting for GST means you only calculate GST owing to the ATO in the GST period in which you physically receive money from your customers, or on purchases that you physically pay your suppliers for. Under the accruals method for GST, as soon as you raise a sales invoice, you need to calculate the GST portion and remit it in that quarter, regardless of if the customer has paid you or not. Cash flow wise the accrual method can be harsh for small business and those in the start-up phase.



I'm nowhere near making \$75,000 in a year, are there any benefits of still registering for GST even if I don't need to?

Yes, there are some benefits of registering for GST before you hit the \$75k threshold, and it can depend on your industry. For example: a child care centre services are deemed GST free but they can still register and claim back the GST they pay on eligible supplies. For small business and start-ups - generally this is not a factor (big generalisation). What is a factor, is by registering for GST - nobody can tell how small your business is as they have no clue what level your revenue is. Is this superficial - you bet - but I see it all the time. People assume your business is tiny if you are not registered as your income is clearly under \$75k.

Depends on your market I guess - if you are targeting big corporates - you might not want them to know your income level. Also - from a cash flow perspective in those early days when you are spending more than you are earning if you are registered for GST you can claim back the credits each quarter.



Should I register for GST monthly, quarterly or annually?

When you register for GST, you have the option to register and report the GST to the tax office either monthly, quarterly or annually. There are pros and cons of each method.

Monthly - you keep on top of it and it forces you to be organised (so more administration required). Cash flow wise you need to pay every month (or receive a refund each month).

Quarterly - less administrative as you are only lodging 4 Business Activity Statements per year, however from a cash flow point of view the value you need to pay each quarter is generally higher, so good cash management needs to be in place.

Annually - great from an admin point of view as you don't need to lodge anything during the year. But from a cash flow point of view it is not ideal as you need to pay all your GST in one big lump sum which can really hurt if budgeting is not your strong point.



What if I don't know what method I registered for GST - cash or accruals?

That is ok. Sometimes it is hard to remember which box you ticked when you first registered. If you are still receiving paper copies of your BAS in the mail (you know the pretty pink forms) - well it will say in the top right hand corner. If you are lodging online, it should tell you in the ATO portal that you log into.

If you are using a BAS agent or Tax Agent to lodge the BAS, they can look up that information in their ATO portal for you.



What is the difference between a Business Activity Statement (BAS) and an Instalment Activity Statement (IAS)?

A Business Activity Statement (BAS) is a form used to inform the ATO of any GST, Payroll, Income tax or Fringe Benefits Tax owing.

Depending on your obligations you may just have a GST section on your BAS, but there could be the other sections listed above.

An Instalment Activity Statement (IAS) is for those business who are not registered for GST, but perhaps they have payroll and need to report wages or they may have a personal tax instalment that needs to be paid.



If I was to register for GST prior to the end of this financial year, would I then be required to lodge BAS statements for the full financial year?

It will depend on the date you choose as your GST registration date. If you choose to register for GST on the 29th June - then yes you would need to lodge a BAS for the June quarter - but you would only include 2 days of information in that BAS. You don't need to lodge any BAS's for periods prior to your registration date.



If we register for GST and pay quarterly but realised that over a 12-month period, we have not exceeded the GST threshold of \$75k what happens?

If you are registered for GST, you still need to lodge the BAS and pay any GST owing (or you may be in a refund situation). You can deregister for GST but only if you are not expecting to hit the \$75k sales threshold in the subsequent 12 months. If you do deregister - you can no longer charge GST on the invoices, and can't claim back any GST credits. If you do need to register again within 12 months after you de-register the ATO might wish to ask you a few questions!!



How do I lodge my BAS with the ATO?

Good old fashioned paper lodgements are still in existence (but not for much longer). If you have never lodged a BAS before, the ATO start by sending you out a paper form (it's pink - you can't miss it).

You can fill this out manually and send it back in the post. Always keep a copy for your own records just in case. You can register for an AUSKEY - which is the way the ATO let business owners lodge their own BAS online in a secure portal. Sole traders can also lodge their BAS via MyGov online. You can use the services of a BAS Agent or Tax Agent to lodge the form for you. This will usually attract a fee so always ask what that will be before committing.



What happens if I don't lodge my BAS?

The tax office are not huge fans of businesses who are registered for GST who don't play by the rules. If you can't meet the deadlines, we suggest you speak with a BAS agent or Tax agent as they can often get extensions of time to lodge, without you incurring a late payment fee (but you will still incur interest on overdue amounts). If you still can't meet the deadlines, you need to request an extension of time to lodge and pay with the ATO. The sooner you let them know you are struggling, the nicer they tend to be. Penalties for late lodgement are currently \$180 for every BAS that is late. This fee then increases for every 28 days it is overdue. You may also be liable for late payment interest on any amounts owing.



Does an Auskey cost me money?

The Auskey itself is free. There is a bit of a process to apply for one and download it either to a computer or a USB stick. You then need to use that software each time you wish to lodge your BAS or IAS. Whilst an Auskey is free, if you use the services of a BAS agent or Tax agent to lodge your BAS, they will charge a fee for their service.



When is my BAS due to be lodged if I am registered for GST quarterly?

The schedule of due dates (if you are lodging yourself) is as follows:

July, August, September quarter - due 28th October.

October, November, December quarter - due 28th February

January, February, March quarter - due 28th April

April, May, June quarter - due 28th July

If you use a registered BAS Agent or Tax agent, they may be able to get an additional 4-week extension (however there is no extra extension for the December quarter).



How do I make payments to the ATO for my BAS/GST liability?

The ATO make it really easy to make payments - and offer a wide range of options. The most secure is Bpay. The biller code is usually 75556 and you will have a unique reference number printed on your BAS to use. This ensures the money hits your Tax account straight away. You can pay by credit card by calling the Government EasyPay service on 1300 898 089 (you will still need your payment reference number from your BAS) and card fees may apply. Direct debit or direct bank transfer is also an option.

You can mail a cheque into the ATO (yes some people still pay by cheque although it is a bit risky sending payments for tax in the mail in case they go missing). You can make a payment in person at Australia Post. If you wish to utilise this option, you need your payment slip from your BAS and certain limits apply. They only accept cash and cheque payments up to \$3000, and eftpos limits are subject to your personal daily limits.



What information do I need to put on my invoices?

The tax office has rules about invoicing and is very specific on what you need to include. The rules are slightly different if you are registered for GST compared to if you are not registered for GST.

If you are registered for GST, you must issue "tax invoices" which require the following information:

- The words tax invoice
- Sellers name
- Sellers ABN
- Date of invoice
- Description of items sold
- GST amount

If the value of the invoice is over \$1000, you must also include the customer/buyer's ABN or address



What kind of invoices do I need to issue if I am not registered for GST?

When you are not registered for GST your invoice doesn't need to say "Tax Invoice", it can just say the word "Invoice".

Whilst your invoices still need to have your name, your ABN, the date and the description – you also need to clearly state "No GST is included in this invoice" or words to that effect.



How do I find out how much GST I owe to the Tax office?

The first report I would run to see how much GST you owe to the Tax Office, would be a Balance Sheet, as this will give you a snapshot at the current point in time. Often you can also run an account transactions report on the GST account, however be aware that some accounting software have a separate GST account for GST collected and another account for GST on expenses. If you don't use accounting software, getting an accurate GST balance can be time consuming and tricky.



How do I find out how much tax on wages (PAYG withholding) I need to pay to the Tax Office?

The first report I would run to see how much tax on wages (or PAYG withholding) you owe to the ATO would be a Balance Sheet, as this will give you a snapshot at the current point in time.

I would then delve deeper and run a general ledger report (or account transaction report) on the PAYG payable account to drill down to get further detail and to analyse the amount owing.



Just wondering what happens if you go over the \$75,000 sales mark before you are registered for GST? Will I get into big trouble?

You can get into trouble if you go over the GST threshold and don't register, so it is worth knowing the rules. The time limit to register for GST is 21 days from the day you hit that magic \$75k sales limit.

Remember that \$75k limit is on sales only (so ignore expenses).

If you are audited by the ATO, they can backdate any fines and GST penalties so it is in your best interest to register and plan for any change in pricing, so your cash flow is not negatively affected.



Someone has charged me GST so do I on-charge that to my clients?

You can only charge GST on your invoices to your clients if you are registered for GST.

Just because your suppliers are registered for GST, does not mean you can charge a particular client GST to recoup that cost.



So I have 21 days after I reach \$75k sales to register for GST?

Yes - but you will need to think about changing your prices if you don't wish to be out of pocket from a cash flow perspective.

Example - if you sell something for \$110 now and you are not registered for GST - you get the whole \$110 in your pocket. If you register for GST and you don't change your prices - you sell for \$110 - you only get \$100 in your pocket and the other \$10 you have to hand over to the ATO. You will need to think about changing the back end of your website, your booking system, your invoicing system, your advertised pricing – all of that will need to be reviewed and potentially updated in that 21 days.



I haven't made \$75k in sales this year, so I can ignore GST right?

Not necessarily.

The GST threshold of \$75,000 is based on any given 365 day period, not based on financial year or calendar year.

So you will need to assess your sales level for the prior 365 days to work out if you are required to register for GST.



I have registered for GST but I haven't been charging it on my invoices. What do I do?

This is not ideal, as if you are making taxable supplies, and are registered for GST – you need to be charging GST.

If you don't wish to amend your invoicing and charge your clients an extra 10% where applicable, the ATO will assume that the price you did write on your invoice will include GST.

You will then need to make sure you put that money aside, as you will need to remit that to the ATO.



I have just registered for GST – do I need to go back and charge customers who have already paid?

You only need to charge GST from the date you have registered for GST.

So if you have invoices that you raised prior to your GST registration date, these invoices do not need to be amended to include/add a GST component.

Just check your invoice template going forward, from the date of GST registration, to ensure they have a GST line item.



Invoices & Tax Invoices



How do I know I am issuing valid tax invoices?

The Australian Taxation Office has rules about invoicing and is very specific on what you need to include. The rules are slightly different if you are registered for GST compared to if you are not registered for GST. If you are registered for GST, you must issue “tax invoices” which require the following information:

- The words tax invoice
- Sellers name
- Sellers ABN
- Date of invoice
- Description of items sold
- GST amount

If the value of the invoice is over \$1000, you must also include the customer/buyer’s ABN or their address.



What is the best thing to put on my invoices to state I'm not registered for GST? And just to clarify, I can't charge GST on my invoices if I'm not registered right?

Firstly, if you are not registered for GST the invoice can just say “Invoice” and not “Tax invoice”. Not a big deal though.

They still need to have date, who you are selling to, your ABN, your business name, the services or good provided, the value and a statement clearly saying "no GST is included in this invoice" - or "GST is not charged on this invoice" - something along those lines. So if your items (good or services) are \$500 - your invoice total is \$500 and as long as you state the "No GST" - then you are fine.

You are unable to charge GST to any clients or customers if you are not registered for GST. Regardless of if your suppliers are charging you GST – if all comes down to if you are registered.



What kind of invoices do I need to issue if I am not registered for GST?

When you are not registered for GST your invoice doesn't need to say “Tax Invoice”. It can just say the word “Invoice”.

Whilst your invoices still need to have your name, your ABN, the date and the description – you also need to clearly state “No GST is included in this invoice”.



Do I need to provide a “tax invoice” to my customers?

It is good practice to provide customers with a tax invoice/invoice, however your customers may not want one nor request one.

We always advise to issue an invoice/tax receipt for any services or products sold.

If you don't issue one, your customers/clients can request one and you have 28 days in which to provide them with one.



How long do I need to keep copies of invoices or receipts or bills?

You need to keep documents for two different reasons. For GST reasons you need to keep ALL tax invoices and invoices to prove any GST claims for a period of 4 years from the date of the activity statement you have lodged.

For income tax reasons you need to keep proof of purchase for expenses for a period of 5 years from the date you lodge the tax return (sole traders/individuals) or up to 7 years from the date you lodge your tax return (for companies). These documents need to be readable and legible after that period. So you need to still be able to read all the vital information on the receipt/bill/invoice after at least 5-7 years (which is a long time!)



What is the best way to keep receipts and invoices and bills (so that they don't fade)?

Given that you have to keep copies of paperwork for a minimum of 5 years – that is a long time.

Generally, keeping paper copies of invoices stored in any kind of plastic pockets or folders is not a great idea as this speeds up the fading process of the ink.

Some kinds of paper (think the shiny paper from Safeway or Coles) tends to fade after 6 months. So you need to think of an alternative method. You can scan them to your computer and save them in a directory. You can also scan them to an external hard drive, or a cloud storage drive.

You can use a third party program which specialises in receipt storage – such as Squirrel Street (formerly Shoeboxed) or Receiptbank.

You can check to see if your cloud accounting program has the ability to store pdf versions of receipts. There are many options, so choose one that fits with your technological ability and be consistent.



Is a bank statement enough for proof of purchase?

This comes down to your bank and what information they provide on the bank statement.

However, many banks statements do not prove what you purchased from your supplier, so the bank statement is very limited in proving the purchases were business related expenses.

The original receipt, in some format, should be kept.



What if I don't keep invoices from my suppliers?

When you purchase anything, you should ask for a receipt or an invoice. Don't be embarrassed to ask for a copy from suppliers if you are missing ones. If you lose a receipt or invoice – there can be consequences.

You should not be claiming GST on any purchases over \$85 (inclusive of GST) without a valid tax invoice. So without receipts and invoices you are limiting the amount of GST you can claim. For income tax purposes without invoices or proof of purchase, then you are potentially limiting the amount of business deductions you can claim.



What if I lose my receipts or they get damaged?

The ATO will want to know that you took all reasonable steps to keep a copy of your receipts and paperwork.

This is vital if you are keeping an original copy of your receipts. Should these be subject to flood, fire, or any other situation where you lose them or they are unable to be read, the ATO will ask what steps you have taken to keep another copy.

So either by cloud technology, hard drive, computer, scanning, etc.

They will also ask how reasonable it is to obtain another copy from the supplier.

Thinking of all the receipts you get every year, it is simply not worth risking this – so we always suggest “paper” copies is our least favourite way to store documents.



Do I need to issue an invoice or a tax invoice?

If you are running a business you should be issuing some kind of invoice. If you are not registered for GST, you should be issuing an Invoice. If you are registered for GST, then you should be issuing Tax Invoices.



How should I issue my invoices to my clients/customers?

This really comes down to your personal choice. Manual invoices are possible, but this is time consuming, hard to track and can easily mean invoices can get missed. It is also hard to keep tabs on who has paid you. If you choose a cloud accounting application such as MYOB, Xero or Quickbooks Online, invoices can be raised and sent all via the software. The third option we see quite frequently is for retail clients who sell products online, customers receive their invoice upon checkout (so for example via the shopping cart provider such as Woo Commerce, Shopify or Big Commerce).



Do I need to have my ABN on my invoices?

Yes you do. Any invoice issued by an Australian business without an ABN would be deemed an invalid invoice. Go and check and ensure your invoice template contains your ABN. Even if your business is a company and has an ACN (Australian Company Number) – you must still put your ABN on your invoices.



What details need to be on my invoice?

For both invoices and tax invoices you need to specify

- Your ABN
- Your registered business name
- Date
- Invoice number
- Description of products or services being sold
- The amount of GST (if applicable)
- Customers identity (address) or ABN (if sale is over \$1000)



When should I send out my invoices?

In our opinion you should invoice as soon as possible. Once the work is complete or an order placed, you can raise an invoice. We find the longer you leave it to raise an invoice, the less likely you are to even raise it meaning you have just written off some income. Or in a worst case scenario, if you leave it too late the customer can potentially get cranky and refuse to pay the invoice. Always raise invoices as soon as possible.



What terms should be on my invoices?

Whatever terms you put on your invoice should be the same terms that you advise to your client/customers before they either buy your products or they commit to working with you. We stipulate all our terms in our engagement letters and quotes, so when the terms appear on any invoices it is not a surprise. A surprise in business is never a good thing. We prefer smaller terms – such as 7 or 14 days, as we find if terms are 30 days the invoices tend to get forgotten as a lot happens in a month in a small business owner's life.



How should I send my invoices to my customers?

If you issue manual invoices, then the only option you have is sending them via email. This makes it really hard to track to see when you sent them or if you have actually sent them. Instead, we love the audit trail that accounting software provides. You can create and send the invoice in an instant, the software will tell you who created it, who sent it, how many times you sent it and when payment was received. That audit trail is gold especially when following up overdue invoices.



My customers purchase online and receive an invoice from my website shopping cart – is that adequate?

Providing the invoice that the shopping cart creates conforms to the ATO requirements of an invoice or tax invoice, that will be sufficient. You don't need to go and create a separate invoice and send one out. So what we recommend is that you do a test purchase on your own site, and look at what invoices your shopping cart is sending to your customers.



What should I do if my customers don't pay my invoice by the due date?

Often customers don't pay purely by accident – life gets busy and your email with the invoice in it is so far down their email chain it is simply forgotten. A nice friendly reminder 2-3 days after the due date might just be the prompt they need to make payment. If that doesn't work, we send the invoice one more time before we get all old fashioned and ring them up. Excuses for non-payment are so much harder when put on the spot. If you have done the work you are entitled to be paid so keep on top of your customers and what they owe you. Also – make it easy for your customers to pay you – so ensure you put your bank details on your invoice, offer PayPal or credit card options if that is also feasible.



What is the difference between an invoice and a tax invoice?

When you issue an invoice – you are not registered for GST. On an invoice you must clearly state that “No GST is charged on this invoice”. For tax invoices, you need to specify the amount of GST included in the invoice.

- For both invoices and tax invoices you need to specify
- Your ABN
- Your registered business name
- Date
- Invoice number
- Description of products or services being sold
- Customers identity or ABN (if sale is over \$1000)



How should I deal with debt collection?

We always suggest putting your debt collection policy in your engagement letter or terms of service/terms of sale. So any debt collection fees, outline from the get go if you will pass these onto customers. Outline who your debt collection company is and be firm from the outset. Understand that some debt collection agencies charge a fee regardless of if the debt is collected, so understand ALL the regulations before going down this path.



Payroll & Employees



I think I am ready to hire staff – what do I need to do to hire my first employee?

Firstly, you need to ensure your ABN is registered for PAYG withholding. This is so the tax office knows you potentially need to withhold tax from your employees. Once you register for PAYG withholding, there will be a separate Wages section on your activity statement each month or quarter where you need to report wages and tax information. You also need to consider the mandatory legal documents in which you need to provide them such as Fair Work Information Statement and Super Choice Form. It is also good practice to provide a TFN declaration form, bank details form, Employment letter of offer and Employment contract.



How do I register for PAYG withholding?

So you have decided to hire staff – fantastic. To register for PAYG withholding you need to do this via the ATO and your Auskey online. If you don't wish to do this yourself or don't have an Auskey, then you need to ask your BAS agent or Tax agent to do this for you. A bookkeeper who is not a BAS agent is unable to do this for you (unless they are supervised by a BAS Agent or Tax agent).



How do I calculate the wage I need to pay my employee?

When you need to hire any staff, your first point of call should be the Fair Work Australia website. You will need to search the award relevant to your industry, find the minimum wage amounts for the positions you are hiring for. This will always state the minimum rates of pay – however you can choose to pay more than this if you feel your potential employee is more valuable and your business budget allows for a higher salary. You cannot pay under the minimum rate – so be very aware of what the rates are – especially if your staff do overtime or work weekends as often there are different rates for those time periods. You will need to ensure that any wage offered takes into consideration Superannuation at the statutory rate where applicable.



At what rate do I pay superannuation for my employee?

Currently the statutory rate of Superannuation is 9.5%. This is mandatory for any wages earned over \$450 per month per employee (although double check the award as there are two awards which require you to pay superannuation when the monthly wages are over \$350 per employee). You calculate the superannuation on gross wages.



When do I need to pay superannuation for my employee?

By law, you are required to pay superannuation for your employees quarterly. You can choose to pay this monthly if you wish, but at present quarterly is mandatory. It is due 28 days after the end of the quarter – so for example December quarter is due to be paid by 28th January.



What is the best way to pay superannuation for my employees?

The first tool (which is free) is the ATO super clearing house. This is ideal for those with under 20 staff who are not using a compatible accounting software which has an inbuilt superannuation feature. You need to setup staff in the clearing house, enter the required amounts each quarter and make a payment to the ATO to clear the debt. <https://sbsch.gov.au> Depending on which accounting software you use, some of them have inbuilt superannuation features which usually takes the superannuation payment direct debit each quarter. This is a great option to keep it all within your software provider.



What forms do I need to give employees before they start work?

I suggest creating an employment pack – so you have forms ready to go when it comes time to hire employees/staff. The mandatory forms are TFN declaration, Super Choice Form and Fair Work Information Statement. We also advise giving the employee a letter of offer and employment contract which they are required to sign agreeing to the terms of employment you are offering. We also advise giving a form to the employee so you can get their bank details so you can make the wage payments and next of kin in case of a workplace emergency.



Where do I get Tax File Number (TFN) declaration forms from?

The common myth that you can get TFN declaration forms from the post office is now out of date. Some might still stock them but this is purely random and only if they have an overstock of forms. You can order them online from the ATO, and they are usually delivered in around 5-10 working days.

Your BAS agent or Tax agent should also have spare copies if you get stuck urgently. If you do order them from the tax office, we suggest you order 10 at a time, even if you don't feel that you need them. They don't go out of date and it is best to have them on hand ready just in case.

Since late 2016, you also download this form direct from the ATO website online. This is obviously the easiest and quickest solution.



What do I do if my employee doesn't return the Tax File Number (TFN) declaration form?

If your employee doesn't fill in and return the TFN declaration form, then you would be required to withhold tax at the top marginal rate. Your accounting or bookkeeping software should be smart enough to do this on its own.



How do I lodge the Tax File Number (TFN) declaration forms?

You can lodge the form manually – so send a copy in the mail to the Tax Office. You can also lodge electronically as some accounting software programs allow you to lodge directly via their internal reporting feature.



When do I need to lodge the Tax File Number (TFN) declaration form?

As an employer you need to lodge the form within 14 days of receiving it from the employee. You need to complete the employer section and lodge either via paper or electronically with the Tax Office. Always keep a copy for your records if you lodge via paper method.



Do I need to pay my employees for annual leave?

Employees who are part time or full time should be accruing both annual leave and personal leave as per the fair work standards. A standard accrual for Annual leave is 20 days per year and personal leave is 10 days per year.



Do I pay my casual employee if she wants to take a day of annual leave?

Casual staff do not accrue annual leave or personal leave. Generally speaking, their hourly rate is higher than that of a part time or full time employee. This higher rate is to allow for what would normally be the leave entitlement.



What is Personal Leave?

Personal leave is the current name used to include both sick leave and carer's leave. Generally speaking employees which are full time get 10 days personal leave per year, and part time employees get a pro rata amount.



What is sick leave?

Sick leave forms part of personal leave. Sick leave can be used by employees when they are ill or when they are injured and unable/unfit to attend work due to that illness or sickness.



What is Carer's leave?

Carer's leave can be taken when an employee is required to care for an immediate family member (or household member) – who is sick, injured or requires help in an emergency. Carer's leave can be paid (and forms part of the employee's personal leave entitlement, or unpaid.

For Carer's leave – what is included in the classification of "immediate family" member or "household" member? Spouse | De facto partner | Child | Parent | Grandparent | Grandchild | Sibling | Child, parent, grandparent, grandchild or sibling of the employees spouse or de factor partner | A person who lives with the employee



What is Compassionate Leave?

Compassionate leave is where employee's (including casual employees') can take leave when a member of the employee's immediate family or household dies or suffers a life threatening injury.



Do I need to pay my employee if they need to attend a funeral?

Yes – but only for full time or part time employees. This is paid at their normal rate of pay. However, casual employees receive unpaid compassionate leave.



How much compassionate leave can my employee take?

Each employee is entitled to two days compassionate leave each time there is a death (of an immediate family member or household member) or a serious injury. So this is given per occasion – and not once per year.



Is Compassionate leave paid out if an employee leaves or is terminated?

No. Employees don't accrue compassionate leave. Whilst they are entitled to take it should a need arise, it does not get paid out if the employee leaves.



Do I need to pay my employee for a public holiday when the business/office is closed?

If you have part time or full time employees, and you are closed on a public holiday and this is a day that they would normally work as part of their normal hours, then you are required to pay them as per their normal rates of pay. If you have part time employees, who don't normally work on the day which is a deemed public holiday, then you are not required to pay them for this day off.



Do I need to give my employees payslips?

Yes you do. You need to give them payslips (either physical or electronic copies) within one day of the payment being made. With the evolution of cloud accounting systems, employees often have the ability to login and access their payslips immediately.



What details does a payslip have to have on it?

Most accounting systems which have an inbuilt payroll system, already have all of the requirements on the payslip – but as a business owner and employer you need to double check.

All payslips should have the following details:

- Employers name
- Employees name
- Employers ABN
- Period of payment
- Gross and Net pay
- If paid hourly, hourly rate and hours worked
- Any allowances, loadings, bonuses, etc.
- Any deductions
- Superannuation



Can I put a potential employee on trial to test their skills to make sure I am hiring the right person?

Unpaid trials are allowed under very strict conditions. Unpaid trials are only allowed when the trial is used to demonstrate the person's skills that are relevant to the position they are applying for. The trial can only be used just as long to demonstrate the skills required. Nothing more – nothing longer. The person undertaking the trial must be supervised by someone at all times. Anything outside this scope may mean that the trial needs to be paid so we suggest you look at the trial terms very closely to ensure you are complying.



Do I have to pay someone to work a trial period?

If you request that someone undertake a trial and the trial period extends for a longer period of time ordinarily required to test their skills, you will need to pay them for any extra time, at the minimum rate of pay for that role.



What is deemed to be a standard week – how many hours worked?

A standard full time working week according to the National Employment standards is 38 hours per week.



How do I issue end of year payment summaries to my employees?

If you are using cloud accounting software, most cloud software programs have the ability to produce payment summaries to your employee's electronically. You can choose to print these out and hand/send them out (confidentially), or often, the employees can login to the payroll portal and download the payment summaries themselves. If you don't use cloud software, you will need to handwrite the payment summaries on the ATO printed forms and hand/send them out to all employees who have worked for your business during the year.



When do I need to issue end of year payment summaries to my employees?

You need to issue these to your staff by the 14th of July. So you don't have much time. We suggest doing a review and reconciliation of wages at the end of May, to ensure if anything doesn't add up you can get your bookkeeper or accountant involved so that end of financial year can still go smoothly.



I need to hire someone to help grow my business – are they an employee or a contractor?

Before you hire someone - I urge you to go through this "employee or contractor" tool from the Tax office first. This will check if the ATO will deem them to be an employee or a contractor. Having an ABN doesn't automatically make them a contractor so it is best to use this tool for every person you choose to work with to make sure you are covering your arse.

<https://www.ato.gov.au/calculators-and-tools/employee-or-contractor/>



Australian Business Number (ABN)



Do I need to apply for an ABN?

If you are running a business in Australia, then you must have an ABN (Australian Business Number). The only time you wouldn't need an ABN is if what you are doing is deemed a hobby. I suggest you refer to your accountant if you have questions on this as the answer is very different for every situation.



How do I apply for an ABN?

You can apply for an ABN online via the ATO website. This means you need to register for their online services and the process can be a bit tedious. You can also apply for an ABN on the paper form from the tax office, however lodging this manually via post means the process usually takes much longer. You can also get your BAS Agent or Tax Agent to apply for the ABN on your behalf.



How long does it take to get an ABN?

If you apply for an ABN online, it should take no more than 24-48 hours for the ATO to assess your application and process your ABN. In some cases, it can be quicker, but it will depend on the details you have submitted. The process does tend to be quicker if you get a BAS Agent or Tax Agent to apply on your behalf, however they will usually charge you a fee for this service.



What information do I need when I apply for an ABN?

What information you will need will depend on what structure you are applying the ABN to – so sole trader, partnership, company or trust. If you are registering anything other than a sole trader business in your own name, then you will need to choose a business name for the ABN. For a company, to apply for the ABN it will ask you for your ACN (Australian Company Number), plus it will ask you details of the directors – such as names, addresses, email, date of birth and personal tax file numbers. Best bet, have everything with you when you are applying to make the process smooth.



I have forgotten what my ABN number is, what do I do?

You should firstly look up your business name in the Australian Business Register: <http://www.abr.gov.au> You can search by name, and find your ABN that way. However, if your name is not very unique (i.e. Mary Smith) – it might be hard for you to ensure you are finding the exact ABN that is yours. Your ABN should also be pre-printed on any activity statements you have been issued by the ATO. You can also ring the ATO, prove your identity to the over the phone and they can advise you of the number. Also, speak with your BAS Agent or Tax Agent and they can look it up in the portal for you (a fee might apply).



How do I look up someone's ABN to see if it has a valid business name? Or to check if they are registered for GST?

You need to check out the Australian Business Register. It is a great habit to get into checking the ABN's on the invoices you receive before you pay them. Look up your own ABN every now and then too just in case. www.abr.business.gov.au. You can also check business names on the ASIC website www.asic.gov.au



Can I change my ABN number?

I am not sure why you would need to change your ABN number. Your ABN number attaches itself to the business, so as long as your business is existing and running, the ABN number exists. If you wish to change structures, then you may need a new ABN as opposed to changing your current ABN.



Can I add another business name to my existing ABN?

Yes you can, providing that the structure of the new trading name is the same structure as the existing ABN. So for example if you are operating as a sole trader currently and want to add a new trading name, that new trading name must also operate as a sole trader if you wish to attach it to your current ABN. If you want the new trading name to be a different entity type, then it will need a separate ABN.



How many business names can I have attached to the one ABN?

You can have multiple business names attached to the one ABN, however they must all operate under the same structure. So if the ABN was originally setup as a Sole Trader, then all business names attached to that ABN are also operating as a Sole Trader.



How do I add another business name to my existing ABN?

All business names are now applied for via ASIC (Australian Securities Investment Commission). You can apply for the business name online using the ASIC Connect services. In order to add a business name you must already have an existing ABN.



Does it cost money to apply for a business name?

Yes. You can register a business name for either 1 year or 3 years and the price varies depending on the length. Currently approximately \$34 for a one-year registration or approximately \$79 for a 3-year registration.



Do I need a business name?

You are required to have a business name if you are running a business in Australia, and the name in which you choose to trade under is not your personal/individual name (legal requirement).

So for example as a sole trader if I wished to trade under “Stacey Price” I would not need to purchase an additional business name. However, if I wished to trade under “Stacey Price Accounting & Bookkeeping” as a sole trader business, that is not my individual name so I would need to register that business name.

There is a great article here by Lisa Win (Lawyer) that confirms business name registration.

<http://wintrademarks.com.au/trade-mark-protect-business/>

For other structures (such as a company structure) you will choose a name for the company when you create the company, and if you trade under that company name then you won't need to register another name.

(Please note that we will not cover trademark advice here, we leave that for the experts – namely Kate Ritchie from

www.ethikate.com.au)



I have an ABN for my business, do I still need to have a separate Tax File Number?

It depends on the structure of the entity. So for example, sole traders have an ABN, but as they are operating as an individual person, they generally already have an existing individual tax file number in their own name. For partnerships, companies and trusts however, the entity will need to have an ABN and also its own TFN that is separate to any individual personal TFN.



I have a company and it has an ACN (Australian Company Number), do I still need an ABN?

Yes you do. Normally a company ABN will be the ACN plus 2 extra digits at the front. A company still needs to lodge its own tax return and to do that you also need a Tax File Number for the company.



Can I have more than one ABN?

The answer to this all comes down to your structure type. For sole traders, this is attached to your personal name, so any sole trader business that you wish to run would fall under the same ABN. However, if you wanted to operate as a company, or trust or partnership, they would require a separate ABN.



What do I need to do with my Business name?

Firstly, you need to put your ABN on all invoices that you raise – whether you are registered for GST or not. You will also need the ABN to apply for a Tax File Number (TFN). You will also usually need the ABN number if you wish to apply for a bank account in the business name.



I just have a hobby – a thing on the side. Do I need an ABN?

Firstly, you will need to ensure your “operations” truly meet the definition of a hobby as advised by the ATO. <https://www.ato.gov.au/Business/Starting-your-own-business/Before-you-get-started/Are-you-in-business-/> Some considerations to take into account is that you would obtain an ABN if you were operating a business, so by registering a business name or registering for an ABN, that would indicate it is no longer a hobby. Please be aware that there is no \$\$ threshold for it to turn from a hobby to a business and you can in fact be making a loss but still be deemed a business. Best to get accurate advice from an accountant around this topic.



Productivity



How can I streamline everyday tasks in my business?

To answer this question properly, we would need to understand your individual business and how you specifically operate. We suggest you might need a financial coaching session. However, in the meantime we are happy to share some of the tools we use. We have separate questions relating to each of these tools, so search for their names and you should find out exactly why we use these tools. This is not an exhaustive list, but it is what we use (or have used), so we think you will find them useful. Please note we are NOT affiliated in any way with any of these listed. They have just helped our business to streamline tasks.

1. **Hellosign** – electronic signing
2. **Practice Ignition** – engagement letters
3. **Dropbox** – cloud storage
4. **Lastpass** – online security
5. **Xero Practice Manager (Formerly Workflow Max)** – timesheets and job management
6. **Minute Dock** – timesheets & invoicing
7. **Slack** – internal communication
8. **Word Swag** – social media
9. **Evernote** – notes & thoughts
10. **Google Authenticator** – online security
11. **Receiptbank** – receipt management
12. **Blinkist & Voice Memo App** – blog posts, learning and development



What is Hellosign?

We use Hellosign in our business as an easy way to get documents signed electronically. I can attach pdf documents (or word or excel) and Hellosign will email them to the recipient and request a signature from them. The end user doesn't have to have a subscription to sign the documents. We use it for things like employment contracts, Tax File Number Declarations, Business Activity Statements and Engagement Letters – anything that requires a signature. We also link our Slack and Hellosign accounts, so Slack (see separate post) will send us a message when the document has been signed, so that we know then to action the document. Hellosign offers various pricing options – you will need to review how many documents you require signatures on per month and how many users, as this will change the pricing structure. <https://www.hellosign.com/info/pricing>



Is there an easy way to get documents signed electronically?

Yes – there are many programs – the main ones are Hellosign, Document and Adobe esign Services (although I am sure there will be more by the time I finish writing this eBook). They all have different pricing structures however they all have similar features (depending on which subscription pricing option you opt for). For our business we use Hellosign but here are some links to the three mentioned above. <https://www.hellosign.com/info/pricing>
<https://acrobat.adobe.com/au/en/documents/esignatures.html>
<https://www.docuSign.com.au/products-and-pricing>



Do I need to create an engagement letter with my clients?

We recommend all service based businesses have engagement letters (which are signed) with any potential clients before any work is done. We see far too many business owners starting work because the client has verbally accepted an offer, only to get half way through a job and things go pear shaped and the customer refuses to pay as there is now a “misunderstanding” about the price and what work was agreed upon. Engagement letters should set out the scope of the work, the pricing, the fee structure, any specific terms such as location and equipment required, and also list anything that is specifically not included. The client should sign this agreeing to the terms and work can begin with peace of mind that both parties are totally on the same page.



How can I create engagement letters with my clients or customers?

There are many templates online that you can use, however if you use a word template for example, always ensure you send this to the client in PDF copy so no changes can be made. Sending them manually this way can be time consuming as you have to manually update the contents for each client. We have found using an online program, specifically designed for engagement letters has been a massive time saver. We use Practice Ignition, which was designed for accountants – but could be applied to any service based industry.

You can use this just for engagement letter purposes, however we take it one step further and use it also to take payment by credit card from our ongoing clients. It also makes it really easy to find the engagement letter if you need to review it, or make any changes. I often find clients struggle to find the signed copy of a word or pdf document in their normal email trail, should they need to in a hurry because of a dispute.



How do you share documents with clients and/or your staff?

We use a few options – but the main two are Dropbox Pro and Google Drive. Our clients use a mixture of both of these tools depending on how tech savvy they are. We don't believe in using just one option. We recommend you look at what makes it easy for your clients and customers – the easier you make it for them, the less headaches.



So what does Practice Ignition actually do?

Practice Ignition is a cloud based program which lets you create engagement letters for your clients. You can create templates for packages or services and then send them electronically via Practice Ignition to the clients. It sets out your terms, pricing, payments, work, and scope – anything you like as you can customise the wording. The client then accepts it (hopefully) electronically. You then know you can start work. You can take it up a notch and enable payments. So once the client accepts the engagement, the payments will be accepted via Practice Ignition (via credit card) automatically in line with the payment terms you have created for that engagement. So no more chasing debtors – amazing. You can easily review which engagement letters have been sent, which ones have been signed, and which ones are active.



Why do you use Dropbox?

We use Dropbox regularly for both internal and external sharing of documents. We also use Dropbox as a secondary way to store documents that we need on the go. So things like social media posts, marketing materials, budgets, templates, induction packs. We work on the go a lot, so we need access to these documents from all kinds of locations – onsite, offsite, laptop, mobile phone, whilst on holidays, so often saving things to our local laptop is just not practical. We love with Dropbox that everybody knows how to use it and the process is simplified. For us, Dropbox is about ease. We have updated to the Dropbox Pro Subscription (currently \$12.99 per month). We require the extra storage space and some additional sharing controls.

<https://www.dropbox.com>



With all these programs how do you remember all the passwords?

Yes, we have ALOT of passwords...ALOT. But we work nearly 90% in the cloud so this is expected for us. To manage the process, we use a program called Lastpass <https://lastpass.com/>.

Lastpass is a password management tool that allows us to set “hard to hack” passwords, passwords that are unique and not duplicated, and passwords that we don’t have to remember as it does the remembering for us.

There are various other similar programs – but we found Lastpass and love it. We also use it to share programs with staff but not actually give them the passwords – again another security saver for us.



Why do you use Lastpass to remember your passwords? Why not just pick one password for everything?

Having the same password for multiple sites is a hackers dream. I don’t risk any of my business information or my client’s information in that way. We ensure we use Lastpass to create long, strong and unique passwords to give us the highest level of security we can. We know Lastpass is not foolproof, but it is certainly worth that extra peace of mind.



How do you keep track of all the clients or projects that you work on?

We use a program called Xero Practice Manager (formerly Workflow Max). It is a tool which allows us to create jobs, allocate staff, set allocated time for the jobs, create tasks within jobs, employees can allocate time and complete timesheets, invoices can be raised and it all syncs directly to Xero once those invoices are raised. Although most of our clients are on fixed fees, we still like to keep track of our work to ensure we stay on target and Xero Practice Manager does this easily.



Xero Practice Manager seems quite expensive for small business. What are your thoughts on the pricing?

Whilst we use a lot of paid programs in our business, we always evaluate the benefit of any program versus the cost – before we commit.

For us, having a program that talks to the tax office, talks to Xero, enables employees to fill out timesheets directly to jobs so we can track our time spent on all jobs and seamlessly raise invoices – for us that is priceless. The cost is negligent to us because it streamlines so many tasks for us. Everyone is different, so if you need a hand deciding if this is right for you, we suggest you book a support session with us.



What is an easy program we can use to track time spent on client work or client projects?

Personally, we use Xero Practice Manager in our business to track time spent on clients and tasks, but we understand not all businesses need all the features of this program so it can appear expensive.

We previously used, and highly recommend a program called Minutedock.

Minutedock enables you to track time and projects, and easily raise invoices either direct from Minutedock to the client – or you can sync those invoice across to Xero, MYOB or Quickbooks Online. You pay per user, so price will vary depending on the number of staff. Easy to use and the ability to track time against budget is great.

<https://minutedock.com/>



How do you not get overwhelmed with your inbox every day?

As a team, we implemented Slack. An online communication tool which is designed to reduce (if not eliminate) internal emails. We find Slack simply amazing. It is almost like an instant messenger tool – however all conversations can be tracked by a hashtag, and you can then search all hashtags for key words if you need to find any history.

We use desktop and also the app version so instead of sending an email back and forth 4 times to get an answer, we answer on the spot in slack, the people required can see the conversation trail, and it is all documented for future. We can also upload documents to share as well.



Is there a way to control my emails?

See a previous question about Slack, which we simply love to reduce internal emails between staff. It will streamline the conversations you have. For external email, we have a policy where we generally check emails twice a day. This is so we are not wasting 5 minutes here 5 minutes there checking emails.

Our policy is that we touch an email once – so when we open it, we respond where possible then we file it. If the email requires additional work, we schedule a time in our diary to action the email. We do that in the two allocated time periods per day so that we know once it is read, it is acted upon and can be closed off. We have a lot of templates setup, to answer generic questions about services, memberships, and support requests – again, this ensures emails are answered as quickly as possible, but still give all the required information.



How do you communicate between your staff?

We use Slack for internal communication and find it amazing. It really has streamlined the number of messages and emails going back and forth and we have found that answers to questions were suddenly answered much quicker. We setup different channels (hashtags) in slack and we invite the required staff member to that channel who needs to be involved. So no more cc'ing everyone in the business – half of who are not required to be involved.

We only communicate with those who need to know. So for example our social media channel and our marketing channels have different “users” than our client channels. We also use Google Docs and Dropbox to share large files that we need to collaborate on.



Social Media is such a huge part of business; how do you streamline it?

We don't outsource our social media and keep it in house and we have a fabulous admin staff member who assists us in this area. We always create “batches” of content at once and saving them into Dropbox to use as we need to. We don't tend to schedule too far in advance as the content loses its “relevance factor”.

We don't currently use any programs to schedule our content other than the social media channels themselves. We know programs exist like Hootsuite, Edgar, Latergramme and the like – but for us, we don't get any benefit for using these as our client base comes from referrals and we like to make sure our content is current. But analyse it for your business as these subscription services might be worthwhile.

We do however use the Plann app – to create a visually cohesive feed for Instagram (but we still post from Plann manually). <http://planthat.com> My best advice for streamlining social media is work out which channels you need to focus on, it doesn't need to be all of them initially. Focus on getting those channels on brand and engaging, then if you decide to, you can move on to the next channel.



How do you create your quotes for Instagram? We love them.

One of the tools we love is an app called Word Swag. Word Swag enables us to create images quickly and easily from our phones that we can use on any social media sites. We can create quotes with background pictures, there are pre-set fonts and colours and styles so that we can make our quotes on brand. The app costs around \$6, but it is totally worth it as it is something we use every single week.

We also use Canva and Picmonkey, but that is when we are back in the office as we use our desktop/laptops to use those sites. But those sites enable us to create multiple on brand quotes at once which streamlines our social media process.



How do you keep track of all your ideas, notes, thoughts and inspiration?

We all know that we get ideas at all hours of the day. Ensuring we write them down (in some way) is vital otherwise we can lose those magic ideas.

We use whiteboard markers in the shower to write on the shower screen our ideas. Sounds crazy, but try it, we dare you.

We have notebooks everywhere, office, desk, bag, by the bed – at all times we can write down ideas. We also love Evernote. Because our iPad and laptops are never far away from us, we love that Evernote syncs across devices and we can sort our ideas into categories. So we have notes for accountability sessions, notes for blog post ideas, notes for speaking gigs and notes from training we have attended. We can search, share, email and even save websites that we want to refer to later. Evernote is like our online data base of information, ideas and inspiration that we can access anywhere.

We also use Slack in this area so that any staff at any time can add snippets, links, thoughts and ideas. We involve the entire team in these kinds of processes to ultimately create a pool of ideas.



Do you prefer digital or manual tools for keeping notes about ideas?

We use a combination of both, however digital is definitely our favourite. We work so much in the cloud, that it just makes sense to us. Evernote became a game changer for us when we wanted to make notes after attending roadshows and training seminars– we wanted to capture ideas, share it with our team without having to re-transcribe handwritten notes.

We try not to double handle anything. We can then upload our notes to Slack to share with our staff – seamless and effortlessly. But the key here is understanding what works for you – and this might not be the same as what works for me – and that is totally OK.



Are you worried about all your cloud programs being hacked?

Security of our information is vital so we use a few resources to ensure that when logging into programs, the chances of being hacked are minimal. Not only do we use Lastpass for secure passwords, but we always implement two factor authentication where possible. Google Authenticator is an app which produces a unique code that we then need to enter into online programs such as Xero to make it difficult for hackers to break in.

Where programs have two factor authentication, we ensure we enable it.

For us, the chance of a computer crashing or getting coffee spilt on it – is a much higher risk as that will mean we can't access our computer at all. Like anything, we take the most care possible when online – and when not online.



Why use two factor authentication? Are your passwords not strong enough?

In our opinion, hackers are always getting smarter. We don't take security lightly and whilst we love Lastpass, anything we can do to make our internal and external programs more secure, we will do. Google Authenticator provides a simple "anti-hack" mechanism - so logging into programs is two step. Firstly, your user name and password, and then the code provided by the Google Authenticator.



How do you keep track of all those pesky little receipts - like parking, milk, coffee meetings, etc?

Those pesky little receipts are always the ones that go missing - which is not great from a tax or GST perspective. We use a program called Receiptbank for our business. We got into a great habit of using their app to take photos of our receipts as soon as we make a purchase. Receiptbank talks to Xero and things sync really well. And no more risk of losing receipts as they are now all stored electronically online.

<http://www.receipt-bank.com/>



How do you deal with paper overwhelm?

We see a huge trend in our clients becoming overwhelmed with their financial process. But digging deeper, it is the paper that piles up that stresses them out. We try to operate an 80% paperless office. We use Receiptbank to achieve this. Receiptbank is an online program which enable you to store copies of receipts/invoices/bills in electronic format in the cloud. This storage is searchable if you need to find something, is accepted by the ATO as proof of purchase - and hence eliminates the need for so much paper in your life.

<http://www.receipt-bank.com/>



Why use Receiptbank or Squirrel Street (formerly Shoeboxed) if I can upload receipts direct to Xero or MYOB?

Whilst we love the ability that accounting software providers have for uploading receipts directly, this is not what the programs do best. Add on programs such as Squirrel Street and Receiptbank have the ability to search for a particular receipt, download receipts (to excel or pdf), and so many more features. The add on programs were designed for online document storage - so this is why we use them. They are brilliant at what they do. But as these add on programs are all an extra cost, we know they won't suit everyone so if your accounting software can help in the "paper headache" area, then by all means see what it can do for you.



I use MYOB, how can I streamline my paperwork & receipts?

We recommend a program called Squirrel Street (formerly Shoeboxed) - for any MYOB users. Squirrel Street scans and organises your receipts and stores them online. Squirrel Street integrates with MYOB really well and eliminates the paper headache in your life. www.squirrelstreet.com. Receiptbank is set to sync with some MYOB versions in 2017 so stay tuned.



How do you keep up to date with all things business and develop your key skills?

Reading. We encourage all our staff to read not only accounting and bookkeeping manuals/updates, but we love all kinds of business books and books by amazing entrepreneurs. Reading is our down time - but it is also productive at the same time. You can never stop learning. We love Blinkist as a resource to quickly and easily read snapshots of books. It is power reading for business people. Check it out.

<https://www.blinkist.com/en/>



How do you have time to learn and develop whilst running a busy business?

We use any tools we can get our hands on to increase our learning without taking away oodles of time for our valuable clients. One tool we love, is Blinkist - an online tool which lets you read snapshots of a variety of books covering any genre you can think of. Personal development as well as business development is always on our agenda. <https://www.blinkist.com/en/> We also are quite the fan of podcasts as we can listen to these in the car. We also create blog posts in the car by using the voice memo app to record our thoughts. The audio is then shared on Slack to my admin assistant who types my “rambling” into a document for me to edit and finalise as a blog post. No time is wasted time.



Creating a consistent brand across your business must be difficult if you do it yourself?

I must admit I am not a designer or marketer and I know when I need to get help. However, we do all our own social media (with the help of an administration employee) and we use Canva for Work to help us create a streamlined brand - so that our images across all our touch points have the same look, feel and design. We create our brand palette, choose our fonts and have strict internal policies about social media etiquette and content creation. Canva for Work streamlines this for us by being able to create templates that we can reuse, stores our brand colours and fonts, and the ability to add users to our account so that they can create content remotely.



Canva v Canva for Work - what are your thoughts on the paid work version?

For the first two years in our business we used Canva on and off. We didn't use it consistently and certainly didn't use our fonts, colours and branding consistently. Canva for Work seemed like an easy way to streamline the process, plus we hired an administration assistant and I wanted her to easily be across our branding. Yes, it is a paid service, but the saved templates, automatic resize options and storing our branding is priceless.



You don't seem to use a lot of free tools in your business. Why not?

We assess all tools used in our business for efficiency, ability to streamline tasks, increase workflow, productivity and engagement. The cost for us is not the main factor when working out what we should and shouldn't be using. What we tend to find with a lot of free tools is that they have limited functionality. Or we require two free tools to do the job that one paid tool can do. For us, it comes down to use and effectiveness over price. So yes, most of the tools we do use have a fee associated with them, but they save us in time, workload and stress so we are willing to pay for that.



Financial Reporting



I am a small business owner and I would like to know more insight into my business. What reports should I be running?

We love that you want to understand more about your business. As a minimum, we always recommend understanding your bank reconciliation report, your Profit and Loss report and your Balance Sheet. These are our minimum that we think all business owners should be aware of. Of course, there are so many more.... but you have to start somewhere right!



When should I run my financial reports if I want to review business performance?

We always recommend running reports every month, as soon as possible after the month in question finished. So for example we would run January reports around the 5th of February and February reports around the 5th of March. That way everything is still fresh in your mind, and gives you plenty of time to action anything urgent that the reports are telling you.



Does it matter what order I run my reports in each month?

Yes, we think it does. Firstly, ensure your bank account is reconciled for the month. And by this we don't just mean ticking off things in the bank feed. Actually run a bank reconciliation report and check the balance back to your actual bank account. If the bank account has issues, your Profit and Loss and Balance Sheet will also have issues.

Once you are happy with the bank account, then run the Profit and Loss and Balance Sheet and review those in conjunction with each other.



Do you suggest running Debtors and Creditors reporting?

If you are using your accounting system accurately, then debtors and creditors (or accounts receivable and accounts payable) reports are vital in determining your immediate cash flow. What money should be coming in, what should you chase and what money will be flowing out based on the bills you have to pay. We review these reports more regularly than once a month as we don't like surprises.



I don't understand what my financial reports are telling me. What help can I get?

We know that not everyone will know their financial reports – that is why we provide add on services so you can purchase training sessions or coaching sessions with us. We can train or coach you over the phone, or in person (location dependant) – we want you to understand, and we are here to help. If you are using a bookkeeper or BAS agent, they should also be able to provide you with some guidance if they have experience in financial reporting.



What is the point of a Balance Sheet? I have never looked at one before!

Firstly, you are not alone. We meet many business owners who have not looked at a Balance Sheet before. But we think it is a fabulous report – showing future obligations of your business.

The Balance Sheet shows what you own – Assets (so things like bank accounts, equipment, machinery, motor vehicles, Debtors). It also shows you what you owe to external parties – Liabilities (so bank loans, loans to third parties, accounts payable, GST, superannuation payable) – and it also shows the Equity in the business – so profits earned in prior years and profits earned in the current year. We love it purely for giving you a cash flow snapshot of what money will come in and what money will soon need to go out.



Why is my business making a profit but I have no money in the bank to show for it?

Rule number 1 = Profit does not equal cash. When you look at your profit and loss report that only shows you income and expenses – leaving you with a profit number. What this report doesn't show you is any private drawings you have used that profit for, it doesn't show you any large assets you have purchased from that profit, it doesn't show you what debt you have repaid.

So there could be various reasons why profit does not equal cash in the bank. You might like to take a read of one of our blog posts on this exact topic <http://healthybusinessfinances.com.au/business-is-booming-so-where-the-fk-is-all-your-money/>



I just take drawings in lump sums when I can, is that the same as wages?

Not necessarily. The answer to this question depends on your business structure. Sole traders can't employ themselves - so we tend to call any money a sole trader takes out of the business drawings.

However, under a company structure, you would be an employee (even if it is your own company). I suggest taking a regular "income" (whether that is as a wage or drawings) - to build up good habits and not get into the habit of only taking money when you feel there is excess.

Obviously this is hard at the start but even small amounts are a great idea.



I am a company structure and I take drawings not wages – is this right?

Generally, you can't take drawings if you are an employee of a company structure unless you are repaying a loan you gave the company to start up. Generally, you would need to be an employee, pay yourself a wage, withhold tax and also pay superannuation on your wage where applicable.



Do you have any advice when lodging a tax return when you're in a business partnership? How will this affect my personal tax return?

You will need to lodge the partnership return before you can lodge the individual tax returns. This is because the partners will get a distribution from the partnership which they will need to include in their personal returns. There is a specific section in your personal income tax return which is where you disclose the partnership income. Also - the income from the partnership is split based on the partnership agreement - if there is not a partnership agreement in place it is assumed profits are split equally.



What does a bank reconciliation report tell me?

A bank reconciliation report compares the bank balance as per your accounting software versus the actual bank balance in your physical bank account (so as per your financial institution, ANZ, NAB, CBA, etc.). There could be variances – such as unpresented cheques, uncleared deposits or if there are errors in your accounting system which have been incorrectly coded to your bank account.



Why should I run a bank reconciliation report?

Most cloud accounting systems have automatic bank feeds; however some are not 100% accurate. If you don't run a bank reconciliation report, you will have no way of knowing if your accounting data file is reporting accurate bank balances. If your bank balances are not correct, this will mean your financial reports that you produce are also incorrect.



What is the difference between a bank feed and a bank reconciliation report?

A bank feed is a live stream from your financial institution into your cloud accounting software. The bank transactions for each day are automatically uploaded to your software for you. A bank reconciliation report then compares what is in the bank account in your accounting software, with the bank balance as per your financial institution. Ideally they should be the same, but this is not always the case.



How do I find out how much GST I owe to the Tax office?

The first report I would run to see how much GST you owe to the Tax Office, would be a Balance Sheet, as this will give you a snapshot at the current point in time. Often you can also run an account transactions report on the GST account, however be aware that some accounting software have a separate GST account for GST collected and another account for GST on expenses.



How do I find out how much tax on wages (PAYG withholding) I need to pay to the Tax Office?

The first report I would run to see how much tax on wages (or PAYG withholding) you owe to the ATO would be a Balance Sheet, as this will give you a snapshot at the current point in time. I would then delve deeper and run a general ledger report (or account transaction report) on the PAYG payable account to drill down to get further detail and to analyse the amount owing.



How do I find out how much superannuation I need to pay?

The first report I would run to see how much superannuation you owe on behalf of your employees would be a Balance Sheet, as this will give you a snapshot at the current point in time. I would then delve deeper and run a general ledger report (or account transaction report) on the Superannuation payable account to drill down to get further detail and to analyse the amount owing.



What are the current individual income tax rates?

The best link to find the tax rates is always the ATO website (and not some dodgy website claiming to be the tax office) - <https://www.ato.gov.au/rates/individual-income-tax-rates/>



I don't have many sales but lots of business expenses - do I still need to put a tax return in?

Yes - if you run a business you are required to submit a tax return. You will also want to do a tax return so that you can carry forward any losses that you have to next year - which will then reduce your tax on business profits in the subsequent year.

Pricing



Do I need to create an engagement letter with my clients?

We recommend all service based businesses have engagement letters (which are signed) with any potential clients before any work is done. We see far too many business owners starting work because the client has verbally accepted an offer, only to get half way through a job and things go pear shaped and the customer refuses to pay as there is now a “misunderstanding” about the price and what work was agreed upon. Engagement letters should set out the scope of the work, the pricing, the fee structure, any specific terms such as location and equipment required, and also list anything that is specifically not included. The client should sign this agreeing to the terms and work can begin with peace of mind that both parties are totally on the same page.



How do I know what to charge for my services?

There is no magic answer for pricing that simply applies to every business. What we suggest you do is undertake some “scenario testing”. In this testing, you can review the services and/or packages that you wish to offer, what is involved in those services and/or packages, what costs would need to be considered to provide those services and/or packages and how much would you need to charge to breakeven. We always do multiple scenarios, so that we can analyse different profit margins, review how realistic those pricing values would be, how many of each package/service you would need to sell in order to reach your financial goals. Setting a price is much more than plucking a number out of thin air, and it should always be customised to your individual business situation.



Do I charge a package/fixed fee or do I charge by the hour for my services?

This all depends on what you have to offer. Can you package your services into a value proposition to your customers/clients? Fixed fees are great providing you do your homework and understand what the job will actually cost you. No point offering a fixed fee to find you are losing out in the long run. There is also nothing wrong with hourly rates providing your hourly rate reflects your time and effort, materials and overheads - however often people don't see value in an hourly rate. Perhaps offer them a bundle – so 10 hours prepaid that they can use as they go. Analyse your ideal customer – are they more concerned with price, or with the value they are receiving?



How do I know what price to put on package?

For all packages I break it down to what is actually included, what needs to be provided, how long it will take and what value is the client getting from that package. So a package is not just about the service provided but also about what problem are you solving. So for example our monthly bookkeeping packages save business owners time, stress, gives them greater understanding, accurate numbers and on call support – so the value of the package is more than just an hourly rate by a number of hours. But always work out what the package includes for starters, and go from there.



What tools can I use to help work out my pricing?

We always suggest starting with our trusty old friend – excel. However, excel is only a great tool, if it is used accurately. When working out hourly rate or package prices – you need to consider a lot of things. Including demand, competitors, skills, unique selling proposition, plus costs incurred to sell your products and services – so not only your time and/or cost of products – but advertising, employees, freight, software, contractors – everything that relates directly to you selling your product or service. Only then will you truly get an accurate idea of your breakeven point.



How do I know my clients will pay the pricing I have chosen?

This comes down to a combination of value, market research, quality of offering and demand (and a little bit of confidence thrown in). You may think you have a great product or service – but have you asked anyone what they would be willing to pay for it? And don't just ask friends and family. You need to do research of the public market and get independent feedback. Check out what your competitors are doing. However, price it too high and you may miss out on sales, price it too low and it may be perceived as poor quality. Find a happy medium and always focus on the value you are providing to the customer. Don't focus on how to get them to say yes, instead focus on how to make it impossible for them to say no.



How often should I review my pricing?

We believe that if you set your pricing right from the start (using tested research and provide value), then normally you would only review your pricing each year. As we are accountants, we review our pricing in April, which gives us plenty of time to inform our clients of any changes which would come into effect from 1 July. Any change in pricing should be justified – so are your customers getting higher skills, more services, better quality or more information? Changing and updating your pricing too frequently just looks unprofessional and amateur. The only other time we suggest reviewing your pricing, other than annually, is if you need to register for GST, so that you are not negatively impacted from a cash flow perspective.



What happens to my pricing if I have to register for GST?

When you register for GST, you must charge GST of 10% on all taxable sales. So let's look at an example. Prior to registering for GST if you make a sale for \$110 – you get the whole \$110 in your bank account. However, when you register for GST, if you don't review/change your pricing, that same sale for \$110 – only \$100 of that is yours and \$10 of that is the GST which you need to pay to the ATO. So your cash flow is down \$10 on that one transaction. \$10 might not seem like much but that will very quickly add up over several months. Always review your pricing if you need to register for GST.



How do I justify my pricing to my potential clients?

Take a step outside your business for a minute and think like your customer or end user. What are they wanting, what problem are they wanting solved, and what headaches do they have? If you can be really clear on all those answers, this will make telling potential clients your value really easy. Be confident in your ability, your skills and your knowledge – this is valuable beyond belief. Talk to your potential clients in a language they will understand, forget the business jargon and be on their side.



Do you recommend putting prices on my website when advertising my services?

I certainly believe that having some kind of pricing information on your website, really helps ensuring people see the value in your offering. I also find that it stops people questioning your rates, as you are up front about them from the start. It also stops time wasters and those just wanting free advice. If you clearly state you are charging for your services, then you won't be seen as a "charity" and it is in black and white what you will charge for.

If you are concerned prices might scare customers, you can always say something like "Package A from \$150" for example. The other thing I love about having prices on a website, is I know instantly if I can afford to work with that person. So I am not wasting my time contacting them and speaking with them and going back and forth to ultimately get a quote which then shocks the hell out of me.



How can I convey the value in my services and not focus on the price?

The value is what you are helping the client/customer achieve – so are you helping them to reduce their workload, save them money, reduce their stress, increase their sales, complete tasks they hate, grow their business – the list goes on. The price really should be a secondary consideration.



How do I compete when there are others offering the same service who are so much cheaper?

There will always be competitors – whether they are local, national, online or international. They will always exist, and no doubt become more apparent. The rise on overseas outsourcing is getting bigger every day. We don't compete on price and never have.

We compete on quality, knowledge, services available, reliability, accuracy and building relationships with our clients. Believe in your value and your offering. Ignore the overseas competition, but ensure the value you are providing is at the top of its game. It is often the little things which keep your customers happy and keep them coming back.



What do I do if people complain about my pricing?

If people complain about your pricing I find it is because they don't understand the value they are getting – so all they are left with is focusing on price. If people question your pricing, be one step ahead and have an answer prepared about your value. You don't need to tell them how long the task or project has taken, but outline all the services included in that price.

So when people say our monthly charges are high, I simply state they are paying for accuracy, reliability and over 20 years' experience in Australian GST, payroll and accounting software. We are far cheaper than the price they will pay to fix the mistakes of someone cheaper but far less qualified.



End Of Financial Year



I haven't done my tax for last year...what should I do?

We suggest that you speak with a tax accountant immediately. We work very closely with Kathryn and Allison from Trust 1 Partners (www.trust1.com.au). They take care of a lot of tax work for our clients – they work remotely, they offer fixed fees (nobody likes surprise bills), they have checklists to make the process easy and they know their stuff. A tax accountant will help you understand what you need to have ready to make the process as painless as possible.



What information for my business do I need to do my tax return?

At the very least you need a profit and loss report showing the business income and expenses for the year. To help the tax accountant, we suggest inviting them into your cloud accounting data file, so they can undertake a review before you go to meet them. They will most likely have questions, so this gives you time to get all the answers before your meeting, making the process far more streamlined. If you are in retail, we suggest running a physical stocktake so that you can confirm your stock on hand balance. We also suggest running a Balance Sheet, Profit and Loss and Trial Balance at the end of the year, but you will be guided by your tax accountant as to how much detail they require.



How long do I have to get my tax return done?

For individuals who wish to lodge tax returns themselves, you have until the 31st October following the end of financial year you are lodging for. If you wish for a tax agent to lodge your return, they do get an extended lodgement date. We always advise to not leave it until the last minute – be prepared and tick it off your to do list sooner rather than later.



Who can lodge my tax return?

In Australia, only a registered tax agent can lodge your tax return. So whilst we are registered BAS agents and accountants, we can't lodge tax returns on your behalf. However, we work closely with a tax agent (Kathryn and Allison from www.trust1.com.au), who handle tax returns for our clients should you need that service.



How much does it cost to get a tax return lodged?

How long is a piece of string? The cost of your tax return will depend on the following factors:

How organised you are | If you use accounting software | If your accounting software is used accurately | The quality of your receipts and paperwork | The experience of your tax agent | The level of involvement from your tax agent

H&R Block tend to be on the cheaper side of the scale at around \$150 for an individual (non-business) return, but usually you only get one 45 minutes meeting for that price and your tax is done on the spot. If you want involvement, review, the ability to ask questions and get advice during the year, then a tax agent with their own practice would be more suitable – but obviously you pay for this privilege. Company tax returns are more expensive than individual returns – purely because of extra requirements and obligations.

I would not focus on price, but what are you getting for your money. Your tax agent will end up knowing a lot about you (and your business) so you need to be able to trust them and feel comfortable working with them. You can also lodge your individual tax return yourself via MyGov – which is free – however the trade-off for this is there is no advice on what you can and can't claim, plus you are not covered by any provisions in case you have lodged the wrong numbers.



When is the best time to start to get ready for end of financial year?

We love clients who are proactive. We suggest at the start of May you need to be in contact with your tax agent (if your BAS agent and bookkeeper have not already spoken to you about getting organised). Speaking to your tax agent will help you know what you should be thinking about. Get a timeline together and a plan of things you need to do – this might include end of year payment summaries for employees, lodging the Taxable Payment Annual Report to the ATO (if you have employees), tidying up loan accounts and the list goes on. You have very little time after 30th June to review all of these things, so set aside some time in May to start asking those questions.



I don't know anything about lodging a tax return – what should I do?

Like anything in business, if tax is not your area of specialty then we don't suggest doing it yourself. Tax agents have done so much training and work to know this area inside out – that this is money well spent for your business. Getting any help you need before any emergency pops up is vital.



I have a BAS Agent do I need a Tax Agent?

If you wish to lodge your tax return yourself, then you don't need a tax agent. However, we believe that tax agents are extremely valuable if you are running a business. They should work with your bookkeeper/BAS agent and complete your trusted advisor team. They can help you with what deductions to claim, advice on structure, advice on all tax matters including Fringe Benefits tax and entertainment deductions. They can help you with tax planning. If your business grows rapidly, then having a trusted tax agent is worth every cent. A BAS Agent is unable to lodge your tax return if you wish to outsource this task.



I don't use an accounting system – so how do I give a tax agent my numbers for my business?

Let me tell you this – don't bring them to your tax agent in a shoe box. Be organised – keep receipts in order, ensure you have your list of sales, ensure you pre-empt their questions and have the supporting documentation ready and raring to go. If you use excel, then ensure all the formulas work and add up correctly and provide a copy of the file on a USB to the tax agent. Giving a pile of papers in random order to a tax agent for a full 12 months is one way to guarantee that the invoice you receive will be hefty as they will have to sort through every single receipt. Their time is better spent elsewhere providing you with tax planning and business growth advice.



How do I find the right tax agent to lodge my tax return?

Many people shop around for accountants at the end of the tax year. We believe to get true value out of your tax agent, you need to forge a relationship with them. They need to understand your business, your needs, your goals, the business future aspirations. Shopping around each year makes this really hard.

By all means don't take the first accountant you meet, you want to find one that takes the time to understand you and your business, but shopping around each and every year means the tax agent's don't get a chance to really help your business plan for your future goals.



What is the best way to plan ahead to plan for the tax I know I will have to pay when I lodge my tax return?

We always suggest business owners have a separate bank account where they can put money aside to prepare for any tax bill that will come their way at the end of the financial year. We make this secondary account an account where we put money in, but only take it out when it comes time to pay the tax office. That way, if you lodge your tax return and are required to pay any tax, you already have the funds set aside so it is far less stressful.



I haven't paid any tax all year – am I going to get a huge tax bill when I lodge my tax return?

If your business is making a profit, and you have not paid any tax during the year, then generally speaking you will need to pay tax when you lodge your tax return.

The size of the tax bill will depend on the business structure and the level of profit.

To prevent getting hit with a large tax debt that you potentially will struggle to pay, we suggest throughout the year putting money aside into a separate bank account to pre-plan for this tax bill.



How do I issue end of year payment summaries to my employees?

If you are using cloud accounting software, most cloud software programs have the ability to produce payment summaries to your employee's electronically. You can choose to print these out and hand/send them out (confidentially), or often, the employees can login to the payroll portal and download the payment summaries themselves.

If you don't use cloud software, you will need to handwrite the payment summaries on the ATO printed forms and hand/send them out to all employees who have worked for your business during the year.



When do I need to issue end of year payment summaries to my employees?

You need to issue these to your staff by the 14th of July. So you don't have much time.

We suggest doing a review and reconciliation of wages at the end of May, to ensure if anything doesn't add up you can get your BAS Agent or accountant involved so that end of financial year can still go smoothly.



What happens if I pay the June quarter superannuation in July? When can I claim the deduction?

If you pay the June quarter superannuation payment in July (deadline is 28th July) – then you are only entitled to the deduction when you make the payment. So you won't be able to claim a deduction for that Superannuation payment in June. This is something that you need to advise your tax agent of, so they can make the necessary tax adjustments for tax return purposes.



Budgeting



I don't have a budget for my business, what is the best way to get started?

There are three ways to get started – the quickest (and cheapest) is to use excel. However, if you are not confident in using excel then really this could turn into a disaster. You need to make sure columns and rows have formulas, and they add up correctly.

We have our own excel tool called NA\$\$ - which is already formatted for you and you can create your budget in this. You can purchase this tool from our online store. <http://www.featgroup.com.au/nass/> The second option is to use the budget feature in your accounting software. The third option is to contact us for a financial strategy session and we can help you create the budget together.



I don't have a budget; do you really think I need one?

We think everyone running a business (regardless of size) needs a budget. A budget helps identify your financial goals and what you need to do to reach them. A budget helps you to identify where you should be spending money, so really helps in those initial first few years when the purse strings are tight.



I know how much money I want to make – isn't that the same as a budget?

Knowing how much money you want to make and working out if that number is realistic and achievable are two different things. A budget can identify how many clients/customers on each income stream you need to reach those goals. A budget will also take into account rising expenses as your income increases so you get a true profit margin. We find business owners who keep things in their head always get a shock when it comes time to doing their annual financials as reality is often different.



Can I prepare a budget manually or do I need software to create my budget?

When we talk about a manual budget we are referring to using excel as a tool, to help create a budget. So we are not talking paper and pen. We love excel as we can create formulas, and what if scenarios, and changing pricing and number of clients can then easily flow through to the entire budget process. Accounting or budget specific software is great, but there is always more than one way to achieve the same result.



How often should I review my budget?

We suggest reviewing your budget every month. Whilst this may seem tedious, it should all be part of the process of reviewing your monthly actual income and expenses. This will quickly identify if you have achieved budget for the month, or show you areas of leakage in your business. Obviously you want to stop the leaks as soon as they arise – so leaving a budget review to once a year is not practical from this sense. We also recommend reviewing and updating your budget if your business circumstances change – so if you hire new staff, if you increase product range, if your service offering changes, etc.



Should I create my budget on a weekly, monthly or yearly basis?

Often budgets can be a stressful process as it makes you deal with reality. Too much detail (so weekly) can be overwhelming, however not enough detail (yearly) doesn't give enough insight. We prepare budgets for our clients on a monthly basis, to coincide with their monthly reporting. It breaks the yearly number down into 12 monthly goals, which is far less stressful and far more attainable.



How do I know what to put into my budget – as I haven't spent the money yet?

A budget is a tool used to help you identify what will happen in the future. So it is based around estimates. A budget will never be 100% accurate as we can't predict the future. I encourage clients to put everything in their budget – a budget with only some information is really not helpful. I underestimate my income, and overestimate my expenses so the budget that spits out is the “worst case scenario” possible. I don't like nasty surprises because I haven't included items. The more detail you put in the budget, the more useful it will be. Take a look at your business for the past few months, as that will give you an idea of what things to include.



How do I track how I am performing against my budget?

To track actual spend and actual income against your budget – you need to use excel and input actual data – but this can be time consuming (however our pre-formatted NASS (NA\$\$) spreadsheet helps you out quite a bit). <http://www.featgroup.com.au/nass/> The great thing about using cloud accounting software with linked bank feeds, is you can automatically run reports of actual v budget at the click of a button. Then it is up to you to analyse these reports.



Is it ok to change my budget if my business circumstances change?

Absolutely – and we totally encourage this. An out of date budget is really not useful – especially if you are comparing actual information to budget. Whether you hire staff, add new product lines, enter into a commercial lease – all these things would require you to update your budget accordingly.



Do my numbers in my budget include or exclude GST?

All numbers in your budget should exclude GST. That is because any business profit is always reported excluding GST.



How long should my budget go for? 12 months...2 years....5 years?

The time frame is totally up to you – you are in control. Whilst it is great to have big 5 year plans – we find doing a monthly budget for the next five years well so much will change between now and then that it is not worth it. We tend to do 2 years at a time – so current financial year and the next financial year. It gives us a great outlook of what is coming ahead and where we want to go. But at the same time is not unrealistic or overwhelming.



What happens if I don't make my sales targets in my budget, or if I overspend?

We know that at times, you won't exactly spend or earn as per your budget. Firstly, don't stress you are only human. But what we also want to encourage is you to learn why those things went a bit pear shaped, and what can you implement, amend, change or update so that the next month you are back on track. If your sales were lower than budget, in what area? That is the area you should be spending your marketing on to focus on hitting that goal.



What if I do better than my budget? What does this mean?

Firstly – WELL DONE. We love those people who seem to smash their budget, but if you are smashing your budget every single month, we would suggest you need a more realistic budget, so it is perhaps time for a review. We would also want to make sure that everything is in your budget that needs to be. And thirdly, set some higher goals – you are capable of so much more.



Cloud Accounting Software



What accounting software should I use for my business?

There are literally hundreds of software and app choices. Whilst we have our favourites, we always ask the following questions before recommending software:

- Who is using the software
- What are their skills
- What do you need the software to do - inventory, payroll, budgeting?
- What is your business
- How do you sell your products and services?
- Have you used anything in the past?
- Does it need to sync with point of sale software, website software, inventory software, job management software?
- What do you feel comfortable using and have you done any trials?
- How do you access the software?
- What happens to your data if you choose to end your subscription?



What accounting software do you recommend?

Whilst we have worked with over 15 different software providers over the years, we currently focus on three main options - MYOB, Xero and Quickbooks Online.

We are advisors in each of these software, our employees are trained in these software options and we work with these option the most and have vast experience in each of these. But there are so many more – Wave, Freshbooks, Reckon One, Rounded, 17 Hats, Saasu – so many. Refer to our post about what software should you use to get a list of things to consider before making your decision.

<http://healthybusinessfinances.com.au/accounting-system-right/>



Why don't you recommend more than 3 accounting software providers?

If we were to be experts in every single software provider, we would never have time to do any work. Rather than be a jack of all trades, we specialise in three and know those programs intimately. It makes it far more streamlined to help our clients and far more efficient.



Why does accounting software cost so much money?

We know there are free tools out there, but with financial information (especially things like payroll and inventory management) I am reluctant to use free tools. We really think you get what you pay for. We want our clients to have an entire business solution - and yes, that does cost money. However, the average subscription price is between \$15- \$60 per month and for that price you get a complete accounting program - which you, your staff, your bookkeeper and tax agent can access. You have access to banking, payroll, sales, expenses, inventory, budgeting and GST reporting. All of that for under \$60 per month - worth every cent if you ask us.



I can't decide which software I need - can you help?

We sure can - we love guiding business owners to use an accounting system that is beneficial for their business. We suggest we have a financial coaching session - so we can understand your business, and we can show you each software option, so you can make a truly informed decision.

Just email us and our lovely admin superstar Kirsten can book a time in Stacey's diary support@healthybusinessfinances.com.au



I currently use excel - do I really need an accounting system?

I think there will be a point in time in your business where your business will grow and excel will no longer be a viable option. Some business owners just prefer to use accounting software from the start, so when business is growing they can learn all the features they need when they have the time. If you don't use accounting software from the start, often there will be a pivotal point which forces you to use it - such as hiring employees, managing your cash flow or calculating GST. Whilst we love excel, we also think it doesn't show you the complete picture of your business - so we love the reporting features in accounting software.



I am not great with numbers, is there an easy to use accounting system?

We think each accounting software option is vastly different - and each end user will find they prefer one over the others - but this is a personal choice. We can't stress enough that you need to find the right system for your business - so in our training sessions we can show you MYOB, Quickbooks Online and Xero and you can see which of those makes sense to you. You can even take each software for a trial, so enter some pretend transactions - how easy is it for you? It is like any new process or system, it might take a bit of getting used to, but we are sure you will have the hang of it in no time.



I am on a tight budget, what accounting system would be best for me?

We never recommend an accounting system purely on price - as you may choose one that doesn't have the features you need. Usually each software provider has various subscription types within it, which all have various price points. We suggest making a list of the features and functionality you require, and then look at pricing.



Do I need a desktop version or an online version of accounting software?

The answer to this again depends on a few factors - who will use the software, how many people need access, and where do you want to access it from. Desktop software is restricted to being used on the computer you install the software onto. So it makes working away from that specific computer difficult. It also makes sharing the data file with your bookkeeper and tax agent a lot harder. Cloud software automatically updates for changes in payroll legislation, you can access it 24/7 (providing you have internet) and you can issue logins to as many people as required. You literally have the ability to work from anywhere you like.



I am currently using a trial of Xero and I love it, but my trial has run out. How do I convert that to a paid subscription?

When you log into Xero next, it will ask you to upgrade your subscription. By upgrading, it will then ask what monthly subscription you will like to subscribe to, enter your credit card details, and you are off and running. Xero will then invoice you each month, and charge your nominated credit card.



I don't have access to add users to my accounting software and I need to add my tax agent?

This most like means that your bookkeeper or accountant manages the users for your data file. Speak to them about giving you manage user access, or ask them to invite the person in that you require. Often accountants and bookkeepers have manage user access so their staff can work on your data file in the most streamlined way.



I am paying for accounting software and I still don't know how to use it.

We see this often so don't stress. We have one-hour or two-hour training sessions, where we can guide you through what you need to know to get your day to day bookkeeping tasks done in the most efficient manner.

The alternative, is that it might be time to outsource this function - and we can customise a monthly package to take care of this for you. Just email support@healthybusinessfinances.com.au and we can arrange an appointment in Stacey's diary.



I have accounting software but don't know where to start.

We always suggest you need to know how to raise an invoice, enter a bill and reconcile the bank account as a minimum – but what you will need to know will depend on your personal business circumstances.

Start off small, and get to know the day to day things, then build up to reporting and payroll. Payroll is quite a complex module in any accounting system so we suggest you get some help setting all this up correctly.

We offer virtual training sessions – using TeamViewer to screen share – so location is irrelevant (but we love one on one sessions too if you are located in Melbourne).



How do I backup my accounting system data file?

The answer to this depends on what software you are using. Desktop versions of software enable you to create a backup. We suggest doing this regularly in case your data file becomes corrupt and you need to revert to a backup. Cloud software generally doesn't allow you to take a backup as the software is hosted on cloud servers. This also means you can't revert to an older version of your data file if you make huge mistakes.



How safe is cloud accounting software? I am concerned about my data being online.

Cloud accounting software providers take security very seriously. Each software company has their own rules and regulations. Personally we have been using online technology for years with things like internet banking and email, so having online information in an accounting system is as secure as you make it.

Ensure you enable two factor authentication wherever possible and also never share passwords or login details to your accounting software. Your passwords should be strong and secure to prevent hackers attempting any breaches.



Who do I need to give my login details to for my accounting software?

Nobody – ever. The great thing about cloud accounting programs is they are multi user – meaning you can create a separate user login for each person that requires access. You should never give your login details to anyone.



I want my employees, bookkeeper and accountant to access my data file – how do I do this?

You can create separate logins for all of these people – as it is based on email addresses. You can adjust their access levels so they can see the parts of your data file that you need. So your employees might just need sales information and nothing else, your bookkeeper and accountant will more likely need full access so they can perform all their tasks.



Do I need to install a program to run cloud accounting software?

With all the cloud accounting software providers, you access the software via their website. When you sign up, you choose a user name (which is normally your email address) and you create a password – so there are no disks to install on your computer and no software to download. The only time you will need to install or download software is if you choose a desktop version or an off the shelf option from say Officeworks or Harvey Norman.



Do I need to update the software each year?

If you choose a desktop version of your software, then yes, each year you will need to update the version or install an update to reflect changes in tax rates, superannuation or features within the software. If you choose a cloud accounting software option, then you will not be required to upload any updates. The software companies run updates all the time behind the scenes, so you don't even notice that they occur.



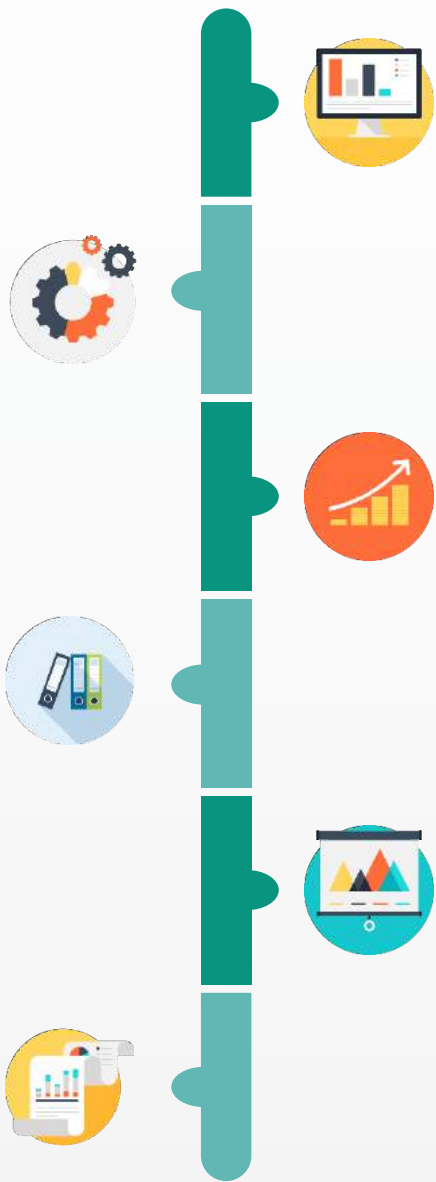
How many people can use the data file at once if I have cloud accounting software?

You can have multiple user's access the same data file at the same time. You can be reconciling the bank from the office, your bookkeeper can be running reports offsite, and your tax accountant can be reviewing year end reports from their office. Any changes anyone makes are reflected in everyone else's version within minutes – meaning you are always viewing the most up to date data file.



On what device can I access cloud accounting software on?

You can access your software on any device – laptop, desktop computer, iPad or phone – either via an internet browser, or many software options have streamlined apps which offer limited features which can be used on mobile phones and iPads. As long as you have access to internet, you can access your data file.



A Guide for the Financially Challenged

So why did we create this eBook? Sure we are numbers nerds and we can talk about this kind of stuff all day – but aren't we doing ourselves out of a job by providing a cheap eBook instead of trying to cajole you into booking our consulting services?

Sure, but our motivation is education and ensuring the small business failure rate reduces. We want Australia to be filled with financially successful business owners.

I wish I could take all the credit for this little idea though. Recently, we had a chat with a lovely Melbourne based business owner who runs a creative business (Sammie from By Samantha– go check out her wrap dresses <https://www.bysamantha.net>) and she joking suggested to me “gosh wouldn't it be great if there was a guide for people who are just totally financially illiterate?”

It really made me think – why the hell should business owners have to google all this information? Why is it not all in one place? What happens if they can't afford an accountant?

Lack of funds (because you have invested everything you own into your start-up) shouldn't mean you miss out on vital financial information that you need to understand, in order to build and grow a financially sustainable business. Sure the ATO is not the most exciting Friday night conversation, and preparing your GST reports is not something most people eagerly do every 3 months – but understanding your obligations as a business owner – well that is downright empowering.

WE WANT YOU TO KNOW YOU ARE ON THE RIGHT FOOT, WE WANT YOU TO THINK ABOUT YOUR FINANCIALS IN A POSITIVE LIGHT AND WE WANT YOU TO BE CONFIDENT YOU ARE SETTING YOUR BUSINESS UP FOR SUCCESS.

We want to help as many small business owners as we can. So we hope by compiling this massive list of all those “stupid” questions we have been asked over the past 4 years, helps you to realise you are normal, you are not alone, there is help out there and it is never too late to learn to love your numbers.

Stacey Price

Chartered Accountant, Financial Coach and Chief Numbers Nerd
Healthy Business Finances & FEAT group



About the Author

Stacey Price is a Chartered Accountant and self-confessed numbers nerd.

After working in the accounting and finance space for close to 15 years, and being faced with two redundancies (both whilst on maternity leave) Stacey knew there must be a different way to offer accounting and bookkeeping services with more flexibility, more relationships with the clients and a hell of a lot more fun.

She started Healthy Business Finances, her consulting business in 2013 focusing on offering Financial Coaching, Accounting, MYOB/Xero Training and Bookkeeping services to start-ups, business owners and entrepreneurs. Practical guidance using cloud technology to service clients Australia wide – but also with a no bull shit approach.

Jargon free, no briefcase in sight – Stacey is far from your “typical” accountant – and that is just how she likes it.

www.healthybusinessfinances.com.au

In 2016 she launched FEAT group – which stands for Financial Education Accounting & Training. This membership based platform provides online support to ensure start-ups can access accurate and reliable financial information at a price they can afford.

Pre-recorded videos and monthly live webinars (plus a huge FAQ section) enables more and more business owners access to the accounting help and business information they need, but can also afford.

www.featgroup.com.au

“Anyone can learn to love their numbers, you just need the right teacher.”