



# First Time in Business



- / Chartered Accountants
- / Business & Tax Consultants
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*A history of shaping financial success*

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***Becoming a business owner for the first time, whether purchasing a business or setting up your own business, is a big step to make. Did you know 4 out of 5 businesses are not around after 5 years.***

Your number one responsibility is to make the business financially successful to provide money for you and your family to live on. Hopefully you also enjoy some level of work/life balance after you find your "business" feet. But how do you give yourself the best chance of your business being there for the long run, being financially successful, and having some time for yourself and your family?

The simple answer is by educating yourself about what it means to be a business owner, and putting in place best practice management practices and systems. This involves two steps; one is through self learning such as reading, talking to other business owners, and personal development areas such as time management and best business practices.

The second step is to invest your money and time in getting good advice and help along the way, by working with an experienced business accountant who knows and understands what steps need to be taken for your business to have the best chance of success.

Kennas has advised thousands of businesses on successful business practices, and is itself one of the most successful businesses in Central Queensland, having operated continuously for 125 years. Through innovative ways of working with clients, the highest level of expertise, a holistic approach to managing clients business and financial affairs, and our passions for helping shape clients financial success, Kennas can help your business succeed.

The following are some important tips, advice and links to key information you will need on your pathway into business.

### **Are you ready for business?**

Going into business is a big step and you need to make sure you are ready for business. Complete our [Are you ready for business](#) checklist to help you understand what business is all about.

### **Business setup checklist**

There are many steps you need to take when you are a first time business owner. Download our [Business setup checklist](#) to help guide you through the initial steps into business.

### **Initial Planning**

#### **11 Steps to Business Success**

You can also contact specialist business accountants and Kennas Partners, Peter Shonhan or Darren Smith for your free initial chat about getting ready for business and steps to take to help give you the best chance of success.

If you don't plan for your business success, you are planning to fail. A lack of planning and a lack of business management expertise are the main reasons why 4 out of 5 businesses don't last 5 years.

A Business Plan outlining your business operations and strategy, and a Marketing Plan outlining your identified target market and ways to reach them, are critical success factors for your business.

Visit <https://www.business.gov.au/> for important planning tools like Business Plan templates, Marketing Plan templates.

## KISS - One Page Plan

After your initial planning, you do need to have a simple way of remembering your plans for success. Creating a One Page Plan which summarises key elements of your business and marketing plan is a great tool to help guide you going forward and showcase to customers or staff what your business is about. Download the [Kennis One Page Plan](#) to get a template.

## Improve Yourself - Continual education and get good help

Being in business is not a static affair. Business rules and the environment change regularly, and the astute business owner knows they have to keep improving themselves, their business and their customer experience to stay ahead of their competitors.

Remember that holding your own (treading water) is not good enough anymore, because you will eventually tire, or conditions will wear you down. Challenge yourself to keep getting better at what you do (yourself and your business). A great way to do this is to take on a business mentor or coach. Kennis meets regularly with our most successful clients to help guide them along their journey to become the most successful business owners they can be. Make time to listen, learn and work on your business (not just work in your business).

The below are links to information resources to grow your education.

<https://www.thebalancesmb.com/best-books-for-starting-a-business-4688316>  
<https://vcfaustralia.com.au/the-9-best-small-business-books-to-buy-in-2018/>

## It's not enough being good at what you do

Surely if you are good at what you do, or have a great product, you will have a successful business? Just ask the many business people who had great products or services whose businesses no longer exist. The fact is any business can go broke if it hasn't enough customers. You not only have to be good at what you do, but you need to be even better at "selling" yourself and your products or services. The old saying about "being able to sell ice to Eskimos" sums this up.

If you are good enough at "sales" you can still make money from selling something to people who may not need it (although it is a much better longer term strategy to sell, or persuade is a better word, people to buy something from you that they do not need).

The e-book [TJ's 13.5 Selling Principles](#) is a fantastic read to help you on the path to better selling.

## Understand your customer and what business you are really in

Do you sell ladies clothing, or do you sell the happiness that goes with a wonderful day at the races? Understanding what business you are in is really the key to driving your business to greater heights. If you know your real business, why customers purchase from you, who your best customers are and why you are better or different to your competitors, you have the best chance of maximising your sales. To help you get started with this, download the [Point of Difference booklet](#) and start reading to help you understand this key concept of your marketing plan.

## Applying for and ABN and GST

All businesses must have an ABN and in most cases have to apply for GST. You can understand more about [ABN's here](#), and can apply online. However we strongly recommend talking to Kennis Business Specialists first before registering, to discuss a range of important matters such as are you fully prepared for the business to be financially successful, and what entity should you have the business in.

## Business Accounting

There are many different accounting packages available to assist you with your business and recording the business transactions for collecting GST, year end tax and even more importantly to be your business scorecard to track how you are going.

One accounting system Kennas strongly recommends is Xero, which is the fastest growing accounting package in Australia and New Zealand.

Visit [www.xero.com.au](http://www.xero.com.au) for more information and a free trial version, and contact Kennas to organise your Xero demonstration, set up and training to make sure this is set up right from the beginning.

## Choosing the right structure to minimise your tax and protect your home

There are many different ways you can own your business. From a Sole Trader or Partnership, to a Trust or Company.

Each has advantages and disadvantages, and some cost less and others cost more to set up. In the end what is the best structure depends on your situation; there is no "one size fits all" structure. You need to talk to an experienced business accountant who will ask you a lot of questions about your personal and financial situation, and short and long term business and personal financial plans, before recommending a suitable structure for your business. If you get this decision wrong, and your business fails you can lose personal assets like your home, so make sure you get this right in the first place.

## Protecting your wealth from business risks

Review our asset protection report to gain an understanding of protecting your hard earned wealth. Again, the right strategy depends on your business and family situation as well as your concern about protecting your assets. See the [Asset and Wealth Protection - Executive Summary](#) for more detailed information.

## Understanding GST

[How GST Works Diagram](#) and [How GST Works](#).

## Employers

If you are intending to employ people, there are a range of obligations you need to be familiar with.

The following links cover the important areas you need to know about:

- [ATO and employers](#)
- [Workcover](#)
- [Fair Work - Home Page](#)
- [Fair Work - Finding Awards and Award Conditions](#)
- [Single Touch Payroll](#)
- [Superannuation for employers](#)
- [Xero - Single Touch Payroll \(STP\) set up and general information](#)

How do I employ other staff including setting up workers insurance, superannuation and how much do I pay them. Once you move to this step there are a raft of rules you need to be aware of. Visit [www.business.gov.au](http://www.business.gov.au) for detailed information.



## Taxation Planning

What is the most tax effective operating structure for my business and how do I get profits out of the business?

The tax effect should be considered choosing the most suitable structure. Partnerships, Trusts and Companies will allow you to split income and profits between people. In particular companies are good if you wish to retain profits in the company to repay debt or grow your business.

### What can I claim as a tax deduction?

At first anything you spend in relation to your work or business may be tax deductible. The Australian Taxation Office has more information on it [website](#).

### How should I purchase a vehicle and what deductions can I get?

Tax deductions for cars depends on how much the car is used for work/business purposes. The Australian Taxation Office has a good summary of what car travel can be claimed and the ways of claiming car costs at their [website](#).

In relation to financing a car, if business use is more than 50%, then leasing is a tax and cashflow effective way to finance a vehicle. Otherwise a chattel mortgage or personal loan can be used.

### How can I maximise my superannuation contributions

Contributing to superannuation is one of the most used tax planning tools for business owners. If your taxable income is say \$60,000 and you contribute \$10,000 into superannuation, you will receive a benefit of about \$2,000. Money put into your superannuation is also well protected from business risks. There are contribution caps in place for superannuation contributions which are currently \$25,000 per person but there are some new rules that allow more than this in certain situations.

## Managing Cash Flow

### How much should I put aside for income tax?

When you stop being an employee you stop paying income tax as you go along, i.e. you initially don't have tax deducted from your business income like you do wages. It is important to determine what your expected tax liability may be at financial year end and start putting money aside for this straight away. Kennas can calculate your expected tax liability based on your estimated income for the year to give you an idea of what to put aside. Once you lodge your first business tax return the ATO will then start making you pay income tax quarterly, as you go along, which is the same principle as the tax which was deducted from your wages, to help cover your final tax liability. Remember, when you lodge your tax return this is the final calculation of your actual tax payable for the prior year, and once you take off tax paid through that year you will either have some more to pay or get a refund, depending if you have paid enough or not.

### When is my income tax payable?

Income tax is payable no earlier than March of the following year. This does give you some time to save up, but best practice is to prepare an estimate of your tax in April each year and save for your tax as you go.

### How much should I put aside for my Business Activity Statement (BAS)?

The amount you pay on BAS can be both GST and employees PAYG withholding tax. As GST is really just you being a tax collector, it is never your money and you should track and put this aside monthly. For PAYG withholding, this is the portion you don't pay employees to help cover their final tax liability, so again it is not extra money you have to find but just part of employee wages.

## Growing My Wealth

You can grow your wealth by growing your business sales and profits, or investing money into assets like property or shares. The Kennas book [The Quick Guide to Financial Success](#) covers various strategies to help shape your financial success and protect your family's financial future.

Kennas Financial Services is our team of dedicated financial professionals who can provide advice on all things financial and can answer questions like the following:

- What is the best way to grow my wealth?
- What should I invest in?
- Is superannuation a good investment?
- What is the best superannuation fund returns?
- How much do I need for retirement?
- How can I plan for retirement?
- Do I need Life and Income Protection Insurance?
- How much is enough insurance?
- Will my family have enough to live on if I pass away?
- How can I help my family protect their wealth after I am gone?
- Do I need to update my Will?

## Personal Insurance

Depending on your situation, Personal insurance like Life insurance and Sickness/Accident insurance can be very important especially when you have debt or family to worry about if something happens to you. Our insurance expert, Brent Giles, is available to discuss your Personal insurance and we can even do a free review of existing Life or Sickness insurances for you. You should note that when you were an employee, you were entitled to be covered by Work Cover insurance, have superannuation paid for you and were entitled to be paid for sick days. **As a business owner you have to look after this yourself.**

## Wills

We recommend you review your Wills at least every 5 years and have a qualified Solicitor prepare these for you.

## FOR MORE INFORMATION Contact



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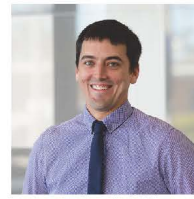
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