

Keeping in Touch

April 2018

Staying on top of finances for a small business

There is a lot to keep track of when running a small business, including your finances. They can make or break your business, so here are some pointers to help you keep them in check.

Don't lose out

Ensure you are taking advantage of recent tax and regulatory changes. Businesses with turnover of less than \$25 million are eligible for the lower 27.5 per cent company tax rate from the 2017–18 financial year.

In addition, if your turnover is less than \$10 million, you are eligible for the \$20,000 instant asset write-off threshold. The government extended the deadline for eligible businesses to 30 June 2018. This means that if you buy an asset for less than \$20,000, you can claim an immediate deduction of the portion of the asset you use for business purposes in your tax return. But you must use the asset, or install it ready for use, in the financial year in which you are claiming it.

If you are seeking to raise equity, you could benefit from a new crowd-sourced equity funding regime that reduces the costs and regulatory requirements for public fundraising.

Brush up on the basics

Sound budgeting is important to ensure your business stays on track. Have a clear understanding of your income streams and expenses – and keep a close eye on your cash flow. It doesn't hurt to overestimate expenses, and it is wise to have an emergency fund in case something goes wrong.

Regularly review your budget as your business and the market evolve.

Remember that cash flow is the fuel that keeps a business running smoothly, and you need to keep a constant watch. If you have surplus funds, explore options to make them work for you.

Get help with bookkeeping

You might save money by doing your own bookkeeping, but if you aren't good at it or you put it off because you are too busy, it can hurt your business. If you can afford it, hire a bookkeeper or accountant to dissect your numbers, pay your bills, help you calculate your deductions, organise your cash flow and, of course, ensure your records are in order.

Also, consider how new technologies and apps could help. For instance, cloud accounting solutions could provide real-time insights into your finances while also saving you time.

Be proactive

Whether you need goods or services for your business, don't be afraid to try to negotiate better terms with your suppliers. If you are unhappy, shop around.

Also, encourage your clients to pay as quickly as possible. Send your invoices via email, which is instant, and set clear payment terms.

Most importantly, take time off to work on your business, rather than just working in it.

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<http://asic.gov.au/regulatory-resources/financial-services/crowd-sourced-funding/>

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