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Commercial Accounting*

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Starting a Business of your own

APR BOOKKEEPING

BAS AGENT SERVICES

More Than Just A Professional Bookkeeper
Service We Work With YOU in Business



Susanne Bruen
APR Bookkeeping

Summary

The following is some information in regard to the pitfalls and methods for starting your own business.

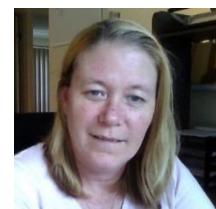
The links provided will help guide you through the maze when starting out and provide useful information.

About the author Susanne Bruen

I have been in the accounting field for over 20 years working with small business as a specialty, assisting in the start up and ongoing financial management of their business.

Qualifications and Registrations held are as follows:

- Associate Diploma of Business Accounting.
- Justice of the Peace Qualified (Queensland)
- Professional Indemnity Insurance
- Education requirements of the Australian Taxation Board.
- BAS Agent. (Required by the Australian Taxation Board).
- Associate Member of Institute of Public Accountants (IPA)



[Susanne Bruen](#)

- APR bookkeeping cares about the success of your business; this is what makes us different from all the other bookkeepers. We take the time to get to know your business. We work closely with all of our clients to gain a greater understanding of the services your business provides to develop an individual, easy to understand report of the financial aspects of your business. APR bookkeeping is paving the way for a new age of [bookkeeping](#), with our friendly, personal, 24 hour service. With over 20 years experience you can expect professional and reliable service to all of our clients.

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Thinking of starting a business

If you are thinking of starting a business then this e-book is a must read.

There are a number of issues to consider before you open the doors on your business and then a number of issues to consider once you are up and running.

Being personally ready

When considering starting your own business you need to consider if you are personally ready to take on the challenge of starting your own business.

Do some research on your idea and whether or not it is feasible and is there a demand for what you are proposing to undertake.

Review your personal life to see if you have the time and the resources to undertake the challenge. Starting your own business not only takes finances but also a lot of time.

Consider the pitfalls of operating your own business before you take the next step. If you can avoid the pitfalls then you are ready to commence the process of starting your business.

The following are the top 8 reasons why businesses fail. Can you avoid them?

1. Starting up a business for the wrong reason or the wrong type.

If you are starting a business for the wrong reasons or starting one that you know very little about then you are already on the road to failure without the correct support.

Starting a business that you know about and have extensive experience in will assist in the success of the business. Recognising that you are starting the business because you have found a niche for it in the market place.

This requires market research to determine the location of the business, the access to your business by your consumer and what the customer is willing to pay for the product or service that you are providing.

What is your competition? Have you looked at the competition in the area and what they are doing to make their business a success? Have you determined what is likely to happen in the future that may impact on your business, such as legislative changes that will have a negative impact or development that may have a positive impact in a particular region?

2. Insufficient planning on capital and cash flow requirements.

Considering the likely capital input that will be required is the first step to a solid foundation toward business success. However, underestimating the ongoing cash requirements can lead to being cash poor and constantly struggling to make ends meet.

Prepare a business plan. Review the expected income and the time frame of when the cash will start to flow into your bank account. Review the cash outflows, what will it cost for wages, materials, overheads and incidentals that will be required to be met on a regular basis. Don't forget to include the legislative requirements of GST and PAYG as these are often overlooked.

3. Poor management

Having a solid business plan and sufficient capital is not enough to ensure success. Having poor management will raise the risk of failure dramatically. While you may consider that it is your business and you are capable of managing it, consider the aspects that go into managing a business and then ask yourself, can you fulfil all these roles effectively.

- Obtain clients and maintain the relationship
- Manage the cash flow aspects, paying the bills, preparing the invoices and ensuring they are sent out on time
- Following up unpaid accounts
- Preparing and lodging your tax obligations
- Processing and paying staff including their superannuation
- Prepare financial reports on a regular basis and understand what they are telling you
- Undertake the marketing both online and offline

How much would it save you to have professionals undertake the work you know you are not qualified to do, is it worth the investment in your business to outsource some of these roles.

Businesses find that outsourcing rather than having employees can be a better option, for instance having a bookkeeper processing your accounts, payroll, and tax obligations once a week can save you a lot of heartache and is cost effective against having a part time employee whose responsibility stops with you, the business owner.

4. Location

Selecting the location of your business is also very important. Setting up a business in the incorrect location can ensure certain failure. For instance you would not open a business in an area where there is multiple businesses in the same field as the competition is fierce.

Also opening a business that is out of the main stream traffic areas where you rely on passing traffic will assist in its failure.

So careful consideration and market research needs to be undertaken to ensure the location is the correct one. This also entails considering the costs of the location.

5. Lack of planning

Failing to plan the process of commencing and operating a business is certain doom. Prepare the business plan, include the proposed costs, the budgets of income and expense, where do you want to take the business and how will you get there.

6. Overexpansion

While the idea of operating your own business is based on increasing profits, expanding the business before you are ready can cause the business to fail. Ensure that you have sufficient resources to undertake the additional work, sufficient cash resources and sufficient capital for the expansion.

7. No online exposure

While you may feel your business will not benefit from a website think again. The online exposure will allow potential customers to find you and will become a valuable reference tool about your business. Today's environment is more and more electronic; people will go on line before they pick up a phone book and the better your exposure the more clients will find you.

When considering the website, review what your competitors are doing and make yours better, make it eye-catching and easy to use. Also look at who is going to be preparing and maintaining your website, have a look at what they have done for their other clients. Make sure that not only is the website complete, but has it been registered with Google, are the keywords ones that will make your site first in the search engines, can your clients find you.

8. Believing you can do it all

So this is your business and you want to be in control. Does that mean that you have to do it all? The simple answer is no.

You need to understand and know what is going on in your business but you don't have to do it all yourself. Having assistance in areas that you are not sure of can help make your business a success. Have professionals to undertake the parts of the business that you can't do such as the bookkeeping, marketing and sales.



If you can avoid these read on

How to plan the business to assist in ensuring success

Planning

Prepare a business plan. A business plan should encompass the following which will provide a good basis for the future growth of your business.

Questions to ask yourself before you commence preparing the business plan.

- 1. Where am I now?**
- 2. Where do I want to be?**
- 3. How will I get there?**

Once you have answered these questions you can start the preparation of your business plan.

The Business plan

There are multiple components in a business plan all of which will need to be covered to ensure that you are ready to start the business.

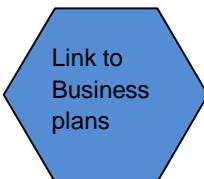
Cash projection:

1. Prepare a profit and cash budget for the first two years of operation. Have a look at what you expect to bring in as income and what it will cost you to gain that income.

It is a good idea to have a start up budget and an operational budget. The start up budget will allow you to see the costs involved in starting the business.

Whereas the operational budget will allow you to budget ongoing income and expenses.

Seeking assistance to set up your business plan is a good idea if you do not have any management experience or financial planning experience. Using a bookkeeper rather than an accountant can also save you money in preparing your business plan. However, you need to ensure that the bookkeeper that you use has sufficient skills and qualifications to undertake this task.



www.business.gov.au/businessplan

2. Prepare a marketing plan. Have a look at your target market and where your customers/clients are coming from. Consider the age bracket of your customers/clients and ease of access to your business.

Part of the budget process will be to consider the costs of marketing, from flyers to a website and salesmen.

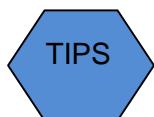
3. Prepare an expansion plan. Consider the time frame that you want to expand the business and how you are going to go about any future expansions. Part of the budget process is to take into account the costs of future expansion and how you are going to finance any future growth. Will it be through the funds of the business or financed? If it is to be financed what will the repayment plan be that will not cause a negative impact on the business.

Business structure

What sort of structure is required to ensure your business is effective for your circumstances?

1. Sole trader: Setting up as a sole trader is a cost effective way of starting your new business. There are no extensive requirements or ongoing legislative compliance issues.

All it requires is the registration of a business name and an application for an ABN and Tax file number (if you don't already have one).



When registering a business trading name be aware that this does not make the business a separate legal entity to the owner. The owner is still responsible for the actions of the business and all business debts.

For more information on registering a business name go to
<http://www.business.gov.au>

2. Partnership: A partnership involves the set up of a business in common with 2 or more people with a view to profit. It is important to read the Partnership Act in your region to ensure that you understand the implications of a Partnership.

<http://www.legislation.qld.gov.au/LEGISLTN/CURRENT/P/PartnerA1891.pdf>

Partners are liable for the transactions of the partnership and will share the profits and losses according to the partnership agreement.

3. Company: A company is a more complex method of business structure. It requires registration of the business with the Australian Securities and Investment Commission (ASIC). Forms can be downloaded from their website. Consideration of the liability of the company should also be considered, do you want to place a limit of the amount of each shareholders liability and if so to what extent. Companies can be set up easily but professional advice should be sought from an accountant or solicitor.

For more information on setting up a company contact ASIC
<http://www.asic.gov.au>

4. Trust: A trust is generally set up as a business structure where the assets of the owners require some protection. Family trusts are a general type of trust set up to operate a business.
Trusts require a formal set up and should be undertaken by a professional such as an accountant or solicitor.

Management of the business

Prepare a plan on who will manage the day to day operations of the business. Will you have employees to assist in the provision of the product/service and if so will the employees be casual or fulltime and will there be any training required.

Undertaking the financial record keeping and reporting will be an integral part of the daily operations of the business and ensuring that your records are accurate and up to date will assist in managing the business. Whether you undertake this yourself or have an employee or contracting doing it will depend upon your skill set.

If you have no head for figures then it is in the best interest of the business to hire a professional to undertake these roles, this will ensure that you can concentrate on the development and building of the business.

http://www.aprbookkeeping.com/uploads/ATO_record Keeping_for_small_business.pdf

Compliance

Ensuring you are compliant with all the legislative requirements of your business will require some research on your particular industry. Consider the following.

- Do you have to obtain licences
- Consider the structure of the business and what compliance issues go with that structure. For example a company will require annual reporting and compliance with the ASIC reporting regulations.
- What GST registration is required, eg are you able to claim fuel credits.

Final thoughts

Once you have determined that you are ready to set up a business review the following web site for further assistance or seek the help of a professional. www.business.gov.au

This site will provide most of the information you require in regard to the legislative requirements of starting a business. Such as registering a business name, are there any grants that I can obtain to assist and so on.

Most of the information is generic and will assist in pointing you in the right direction. If you are still unsure obtain the advice of a professional.

For more information go to <http://www.aprbookkeeping.com>

While we have provided you with an outline to start you off in your business the rest will be up to you. Consider the time that will be required to make the business a success and will that allow you to have the lifestyle that you want at the same time.



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