

## **GOING INTO BUSINESS?**

### **ASK YOURSELF THESE QUESTIONS?**

**1. Will your business idea meet your personal goals? Will your business be profitable?**

**2. Do you have a Business Plan?**

It has been proven that businesses that have a good business plan survive for longer are more profitable and find it easier to attract finance. Research most of the information that you need to assess the viability of your business idea, compile your business plan and apply for finance.

**3. Have you sought appropriate professional advice?**

Accountants, solicitors and other business advisors are important business partners. They provide invaluable advice and can save you from making uninformed and costly decisions. Ask your accountant to help you set up the records that you need to manage your finances as well as developing cash flow and profit budgets. If you are leasing premises or signing any contracts, see your solicitor first. This could save you thousands of dollars and a lot of personal heartache. You can also ask about business names and your logos and trademarks – they may infringe existing registered trademarks.

**4. Have you got the business structure that meets your needs?**

You have a number of options when deciding the legal structure of your business (who owns it and who is legally liable for any debts and liabilities). Your choice of structure can greatly affect how you pay your taxes and can assist you to minimise your tax liability. These options include:

- Operating as a Sole Trader
- Partnerships
- Companies
- Trusts

Before you make any decision, you should discuss these options with your solicitor or your accountant. Once you have decided, make sure that the required legal documentation has been set up for your choice of structure. It is also important to remember that the structure you adopt now may not be the best structure in a few years time. Check that your business structure can be altered, when required, as your business grows and circumstances change.

### **5. Are you buying an existing business?**

If you are buying an existing business, consult with your solicitor, your accountant and an REIQ accredited business broker (telephone (07) 3891 5711). They will assist you to determine whether this business will continue to be profitable and help you to avoid any risks and liabilities that you may acquire from purchasing the business. Ask yourself these questions first!

### **6. Are you insured?**

If you are not insured you risk losing everything, both personal and business assets. Talk to your insurance broker about taking out insurances that match your type of business.

### **7. Do you have the right skills?**

Determine the skills that you need to run your business, the skills that you have and where to go for any training that you may require.

### **8. Do you have enough cash to set up and operate your business?**

Many businesses fail within their first two years from not having enough cash to pay suppliers. Unless you have a surplus of ready cash, you will probably need to obtain extra finance. Many business owners fail in their attempts to borrow money, not because they're not credit worthy but because their applications for loans are not clearly presented. Arrange finance 'early'. Banks are less likely to lend if your business is failing. Further information on attracting finance can be obtained by talking to lenders, finance brokers and staff from your local State Development and Innovation Centre.

### **9. Do you have a separate bank account for your business?**

This helps you to separate your business finances from your personal finances. A separate bank account also assists you to track and control your business income and expenses, making it much easier to manage your business, minimise your tax liability and account to the Australian Taxation Office.

### **10. Have you contacted your local council?**

Many business activities are closely controlled by local councils. Check with your local council about any town planning, zoning and usage rules that may affect your business. It could save you from fines or even closure of your business.

### **11. Does your business require a license(s) to operate?**

Many businesses have to hold a license before they can start trading. To check, call *SmartLicence on 1800 061 631*. They will send you information relating to the type(s) of license(s) that you need to have to legally operate your business. You will also need to consider whether your business requires an ABN Australian Business Number-refer to your accountant or to the Australian Tax Office.

### **12. Is your business name registered?**

If you intend to operate your business using any name other than your own, you are required by law to register that business name. Contact *SmartLicence* or the

*Office of Fair Trading (telephone: (07) 3246 1581)* – they will send you the appropriate forms so that you can register your business name through your nearest State Development and Innovation Centre.

**13. Have you registered your business as a workplace?**

All workplaces with three or more workers must be registered with the Division of Workplace Health and Safety, even if your business is home-based. Enquiries can be made by phoning 1300 369 915. Random inspections of all workplaces are made and non-registration may lead to prosecution.

**14. Do you have an (ABN)?**

An Australian Business Number is provided by the Australian Tax Office and relates to the tax status of your business.

**15. Will you be employing staff?**

If so, make sure that you set up systems relating to deducting and forwarding Group (PAYG) Tax, superannuation, having WorkCover insurance and observing the awards and other industrial rights of your workers.

**DISCLAIMER:** This information is intended as a guide only and you should consult with a professional in any area of concern. ACI does not accept responsibility in respect to this information or any consequence of relying upon it.