



COOKE & FOLEY

BUSINESS ADVISORS & ACCOUNTANTS

Address:
24B Doveton Street North,,
Ballarat, Victoria, 3350

Tel: (03) 5331 2600

Website: www.cooke-foley.com.au
Email: info@cooke-foley.com.au



September 2022

Thinking of Starting a Business?

With the rising cost of living, more and more Australians are looking to generate additional income with a second job or 'side hustle.' The most common side hustles in Australia would include things like Airbnb, Uber driving, delivery services and the freelance gig economy.

The pandemic has seen a lot of people resign from their jobs and reevaluate their careers with many people launching a business from home. The late Steve Jobs, Co-Founder, Chairman and CEO of Apple said, "Your work is going to fill a large part of your life, and the only way to be truly satisfied is to do what you believe is great work. And the only way to do great work is to love what you do." Sounds like a recipe for success but turning your hobby or passion into a profitable business is not as simple as it sounds.



Starting a business is a process and there are numerous issues to consider including your choice of business structure and accounting software. You need to create a brand that resonates with your target customer and map out a marketing plan. There are business registrations and licences to consider plus you'll need to think about your equipment requirements, finance, and insurances. If you are looking to employ staff from the outset there are human resource issues including employment agreements, payroll software, workers compensation insurance plus superannuation guarantee obligations. The start-up phase can be a maze of compliance and planning issues.

In some respects, starting a business is a bit like building a house and you need solid foundations starting with a business plan. Another cornerstone is the right tax structure for your circumstances that suits your industry and personal asset protection needs. Of course, sound advice, the right software and adequate and appropriate insurances are key foundation stones.

While it's exciting when you have that light bulb moment, that flash of brilliance and idea for your new business, it's easy to get carried away and rush the process. Impatience is a business killer and remember, turning your idea into a business necessitates research, risk, passion and planning. There are very few shortcuts and no amount of enthusiasm, money, hard work or talent can guarantee success in business.

If you're thinking of quitting your job as an employee in favour of starting a business, make sure you have done your homework. According to the Australian Bureau of Statistics, almost half of all new businesses in Australia close within three years. This serves as a warning for new entrepreneurs and make no mistake, the life of a new business owner can be a real roller coaster ride. The moment you transition from an employee to an entrepreneur your income is no longer guaranteed, and you also lose benefits like your employer contributing to your superannuation fund. You might need to sacrifice some holidays while your fixed outgoings like mortgage and car repayments remain unchanged.



Continues Next Page

The greatest compliment we receive from our clients is the referral of their friends, family and business colleagues. Thank you for your trust and support.

Thinking of Starting a Business? *(Continued)*

As accountants and business advisors we can guide you through the process and assist you with the preparation of a business plan, revenue forecasts, cash flow projections, pricing, software selection, insurances, and your choice of business structure. We can also do some financial modelling based on different price points and costs.



Our mission is to help you get your business off to a flying start and below is an 82-point checklist that will serve as an excellent starting point.

STARTING A BUSINESS CHECKLIST

To help you with your start-up business we have put together this checklist of tasks. Simply work your way through the list and tick off the tasks as you complete them.

<input checked="" type="checkbox"/>	TASK	COMMENTS
	PLANNING PROCESS	
<input type="checkbox"/>	Prepare a Business Plan	
<input type="checkbox"/>	Identify Your Competitors	
<input type="checkbox"/>	Define Your Point of Difference	
<input type="checkbox"/>	Understand the Why and Who of Your Business	
<input type="checkbox"/>	Know the Rules & Regulations in your Industry	
<input type="checkbox"/>	Develop a Pricing Strategy	
<input type="checkbox"/>	Financing Your Idea	
<input type="checkbox"/>	Find an Accountant & Solicitor	
<input type="checkbox"/>	Research and Understand your Customers	
<input type="checkbox"/>	Conduct a SWOT Analysis (Strengths, Weaknesses, Opportunities & Threats)	

	FINANCIALS	
<input type="checkbox"/>	Prepare a List of Set Up Expenses	
<input type="checkbox"/>	Prepare a 12 Month Sales/Revenue Forecast	
<input type="checkbox"/>	Prepare a 12 Month Cash Flow Budget	
<input type="checkbox"/>	Prepare a 12 Month Profit & Loss Forecast	
<input type="checkbox"/>	Prepare Balance Sheet Forecast	
<input type="checkbox"/>	Formulate Your Pricing Strategy	
<input type="checkbox"/>	Identify your Break-Even Position	
<input type="checkbox"/>	Identify Your Finance Requirements	
<input type="checkbox"/>	Understand Your Asset Finance Options	Lease & Chattel Mortgage

Continues Next Page

Starting a Business Checklist (Continued)

<input checked="" type="checkbox"/>	TASK	COMMENTS
	START-UP YOUR BUSINESS	
<input type="checkbox"/>	Choose and Register a Business Name	
<input type="checkbox"/>	Choose a Business Structure – if relevant, register with ASIC & apply for ACN	
<input type="checkbox"/>	Basic Knowledge of Tax System (and your Structure)	
<input type="checkbox"/>	Apply for a Tax File Number (TFN)	
<input type="checkbox"/>	Apply for an Australian Business Number (ABN)	
<input type="checkbox"/>	Register for GST and PAYG	
<input type="checkbox"/>	Register Trademarks	
<input type="checkbox"/>	Check Local Business Licenses or Permits	Council, Industry & Government
<input type="checkbox"/>	Join Business Associations	Industry Body, Professional Association, Chamber of Commerce, BNI Group, Rotary etc.
<input type="checkbox"/>	Apply for Grants or Subsidies	
<input type="checkbox"/>	What Technology do you need?	Laptops, Tablets, Smartphones
<input type="checkbox"/>	Business Applications to Use	Microsoft Office 365, Google Docs
<input type="checkbox"/>	Consider Legal Matters	Commercial Lease, Will, Contracts, Trademarks

	MARKETING	
<input type="checkbox"/>	Create a Marketing Plan	
<input type="checkbox"/>	Identify Your Ideal Customer	
<input type="checkbox"/>	Create a Logo - Business Name, Slogan & Colours	Consider Font & Colours
<input type="checkbox"/>	Create Office Stationery	Business Cards, Letterhead, Brochures, Flyers
<input type="checkbox"/>	Order Signage & Signwriting	
<input type="checkbox"/>	Register a Website Domain Name	
<input type="checkbox"/>	Build Your Website	Strategy before you Build!
<input type="checkbox"/>	Organise Website Hosting	
<input type="checkbox"/>	Establish Social Media Accounts & Plan	Google My Business, Facebook, Twitter, Instagram, LinkedIn, YouTube
<input type="checkbox"/>	Obtain Google Reviews (5 Star)	
<input type="checkbox"/>	Build Backlinks from other websites from Key Directories	True Local, Yelp, White Pages, Hotfrog and many others
<input type="checkbox"/>	Set up a unique business email address	
<input type="checkbox"/>	Plan Your Opening & Business Launch	Press Release & Publicity
<input type="checkbox"/>	Draft Blog Articles	
<input type="checkbox"/>	Video Topics & Scripts	
<input type="checkbox"/>	Plan Customer Newsletter	
<input type="checkbox"/>	Plan SEO Tactics	
<input type="checkbox"/>	Online Chat Feature	

Continues Next Page

Starting a Business Checklist (Continued)

<input checked="" type="checkbox"/>	TASK	COMMENTS
	SETTING UP	
<input type="checkbox"/>	Source Premises & Negotiate Lease Terms	
<input type="checkbox"/>	Arrange Business and Personal Insurances	
<input type="checkbox"/>	Arrange Connection of Relevant Utilities	Internet, Phone, Power
<input type="checkbox"/>	Fit Out Your Premises	Furniture & Fittings
<input type="checkbox"/>	Set up your financial record keeping system	Accounting Software, Point of Sale
<input type="checkbox"/>	Set Up Your Invoice/ Quotation Layouts	
<input type="checkbox"/>	Order Office Supplies	
<input type="checkbox"/>	Create an Asset Register	
<input type="checkbox"/>	Signage	
<input type="checkbox"/>	List of Suppliers & Prices	
<input type="checkbox"/>	Upgrade Your Smart Phone & Apps	
<input type="checkbox"/>	Furniture & Fittings & Shop or Office Fit Out	
<input type="checkbox"/>	Credit Terms & Policies	
<input type="checkbox"/>	Set up your Banking	Bank Account, Overdraft Facility, Credit Card, Merchant Facility, Internet Banking, PayPal
<input type="checkbox"/>	Apply for Finance	
<input type="checkbox"/>	Phone System, Email & Internet	
<input type="checkbox"/>	Customer Relationship Management Software (CRM)	For Email Marketing
<input type="checkbox"/>	Software – Point of Sale	
<input type="checkbox"/>	Buying an Existing Business?	Due Diligence
<input type="checkbox"/>	Buying a Franchise?	Be aware of franchise rules and regulations. Understand the Franchise Agreement

EMPLOYING STAFF?

<input type="checkbox"/>	Employment/Workplace Agreements	Full Time/Part Time/Casual
<input type="checkbox"/>	Superannuation	Choice of Fund & Super Guarantee
<input type="checkbox"/>	WorkCover Insurance	
<input type="checkbox"/>	Payroll Software (Single Touch Compliant)	
<input type="checkbox"/>	Occupational Health & Safety Regulations	
<input type="checkbox"/>	Employment Declarations	
<input type="checkbox"/>	Minimum Wages	
<input type="checkbox"/>	Equal Opportunity Laws	
<input type="checkbox"/>	Job Descriptions	
<input type="checkbox"/>	Advertisements for Jobs	
<input type="checkbox"/>	Staff Uniforms	

ATO is Watching the Cash Economy

The Australian Taxation Office (ATO) have revealed the industries they are watching carefully given the black economy is very active.

The black economy or 'shadow economy' refers to activities that take place outside of the tax system that includes business owners demanding payments in cash, not declaring all sales and paying workers cash in hand. The ATO estimates it loses around \$11 billion in taxes each year from the shadow economy.



The ATO receives tip offs from the public and the industries that provided the most leads in the last year were the building and construction industry, hairdressers and beauty services, cafés and restaurants, road freight transport and management advice and related consulting services. They get tip-offs from other business owners, customers, members of the public and even employees with New South Wales providing over 13,400 tips offs last year (Sydney over 6,500), Victoria more than 11,500 and Queensland more than 9200.

The top five regional locations that the ATO received tip-offs from in 2021/22 were the Sunshine Coast Hinterland, Cairns, Wellington in NSW, Wodonga and the Mornington Peninsula in Victoria.

The ATO is aware of the fact that customers ask for discounts for cash payments to avoid paying GST and that many workers are demanding cash wages especially where there is labour shortages.

The ATO said there were some "tell-tale signs" a business may be operating in the shadow economy, such as "cash only" signs, offering a discount for cash, not accepting card payments, failing to provide payslips to workers, not ringing up sales, or even running illegal software that deletes or modifies sales transactions.

Tip-offs can be made online via the ATO website, via the ATO app, or by phoning 1800 060 062. All tip-offs are private and you can remain anonymous.

If your website isn't attracting traffic, then you're probably not generating enough revenue. You can build a great website that targets your ideal type of customer but without traffic it's not achieving your goals.

The Importance and Management of Google Reviews

The secret to generating website traffic is to appear at the top of the search page results and ideally you want to be in the first three listings on page one. Tactics to win more traffic include 'pay per click' campaigns such as Google Ads or Facebook advertising but the cheapest method of generating traffic is to leverage the power of reviews, particularly Google Reviews.

Google's rating scale is between one and five stars and these reviews have become especially important because research now suggests that 92% of people read online reviews for local businesses and they are looking to build trust in their suppliers. Customer testimonials on websites are also valuable but the perception is that these can be manipulated, and you certainly won't find any negative testimonials on a website.



Customer reviews influence consumers and the most important reviews appear on Google when you do a search. It doesn't matter if you're looking online for a plumber, a restaurant, or a medical clinic, we all use online reviews to gain confidence in the supplier. These online reviews make the world more transparent for shoppers and while placing testimonials on your website remain an important way to provide prospects with social proof, the modern consumer is cynical and can detect carefully worded and biased testimonials.

Continues Next Page

The Importance and Management of Google Reviews (Continued)

The Importance of Google Reviews

Some important points to note about Google reviews include:

1. Google reviews improve your local search ranking because they are interconnected to local search, Google Maps and Google's search algorithm.
2. Consider that 48% of consumers won't even look at a business twice with less than 4 stars. Recent studies have revealed that 60% of customers check Google reviews before visiting a business. The same study also showed that review interaction is up by 50% from pre-pandemic levels, probably due to the amount of online shopping and online usage, and it is also reported that 85% of consumers are willing to leave most businesses a review. So now is the time to be proactive in managing these reviews.
3. Remember the Google review rating, including total number and average, is visible even in Google Maps when they ask for directions.
4. The most recent reviews will be viewed first as they reassure customers that others are successfully using your product or service. Google also weights how recently your reviews are as a ranking factor.
5. It doesn't matter if you have two hundred positive reviews on other platforms, if you have no Google reviews, it will appear as though you have no reviews at all so customers are less likely to consider you.
6. Your competitors also have a better chance of outranking you if they have more Google reviews, *even if* their reviews are poor. Poor reviews can be counterbalanced with empathetic and timely responses.
7. **Responding** to both positive and negative Google reviews increases the perception of good customer service. Additionally, Google 'likes' business pages that respond to reviews as it signals that the page is actively managed and is rewarded with better exposure.



How to Get Google Reviews

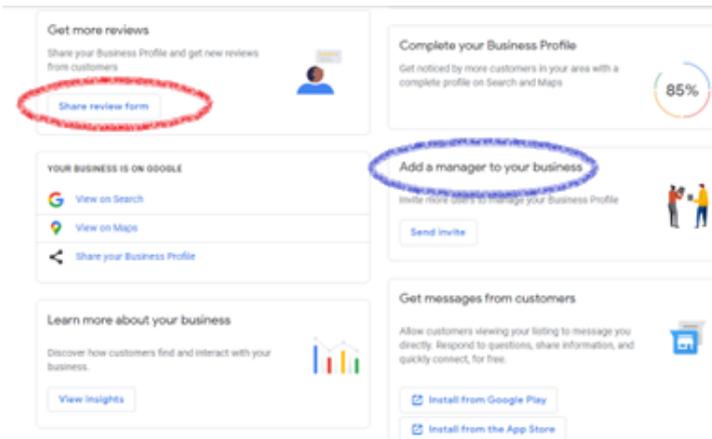
Now that we have established the importance of Google Reviews for your local rankings and reputation, how do you get them from your customers and clients?

Firstly, to give or receive a review you must have a Google account, so the first step is to create a personal account to be able to claim or verify your Google My Business account. If you're not sure if you have already claimed or verified your Google My Business listing, find it using <http://business.google.com/add> - enter the name and address and choose the relevant business and you will see a "Claim this Business" link (otherwise it should show that you already own or manage this business).

TIP:- You can add managers to your Google My Business page so that several people can manage it. You can allocate a staff member to be responsible for replying to Google Reviews for example.

Customers and clients can search for and leave reviews independently but the easiest way to ask your clients to leave a Google Review is to share the URL specific to your business with them. To create your business specific URL:

- Go to your Business Profile and on the home page you should see a box with Get more Reviews with a 'Share review form' button. Copy the generated link and save it in a secure place.



By making the process as simple as possible, you will increase the chance of adding new reviews on a regular basis.

As an example, you can send your clients and customers an email with the link to your Google Review page a few days after an interaction or within a week of completing a task for them. Customers need to have a Google account (not necessarily a Gmail account) to write a review so they cannot write an anonymous review.

Continues Next Page

The Importance and Management of Google Reviews

The best reviews are from those that are willing to take the time and be honest. Ideally you should offer a template or guidance to ensure quality reviews.

Keep your email or text short and to the point. Here is an example of a follow up email:

Hi (Name)

Thanks again for your business.

Our business relies heavily on referrals from satisfied customers, and I was hoping you could take a minute of two to share your customer experience and leave a review on our Google My Business page at (link)

We value your feedback and review because it will help future prospects make an informed decision.

You can share this link in multiple ways, you could incorporate a call to action on your email signature, on your website, social media, via a follow up SMS message, etc.

Here's an example of a follow up text exchange:-

Hi <First Name>, just following up on your <service> today. Were you happy with the process/result?

Yes, very happy. All went smoothly and the team were quick and friendly.

That's great to hear! Would you mind leaving us a review on Google? It won't take long and your honest feedback helps us and others. Just follow this link : <insert link>

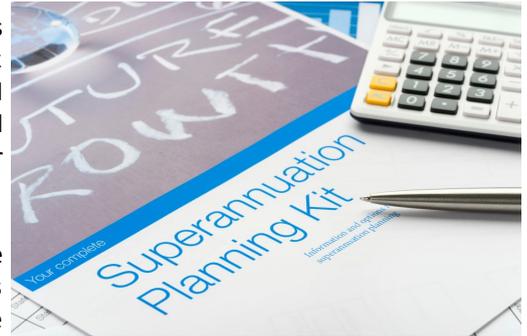


What Not to do With Your Google Reviews

- Don't attempt to add Google Reviews yourself using multiple Google Accounts. Google may detect manual action by your computer or IP address.
- It's not wise to send bulk emails to your clients requesting them to add Google Reviews. By doing this Google may detect an unusual number of reviews being added to your page and ban your reviews. Also, when getting reviews, you need to be careful because Google monitors the reviews and if you have no reviews and then get fifty in a week, they sense a contrived outcome. To avoid getting filtered out, space out your reviews over time so they appear more organic.
- Fake reviews are a definite no-no and ASIC recently fined businesses that posted misleading online reviews.
- Don't react badly to a poor review. Although your initial response might be to go on the attack, a well-measured, customer-focused offer to resolve any issue will actually do more to improve the readers' impression than to prove that the reviewer is in the wrong (even if they are).

What You Need to Know Before You Set Up a SMSF

While the number of self-managed superannuation funds in this country has exploded in recent years, they are not for everyone. You need to seek professional advice before you go down the Self-Managed Super Fund pathway. In this article we examine what is a Self-Managed Super Fund and look at some of the advantages of having your own Self-Managed Super Fund.



By way of definition, a SMSF is basically a do-it-yourself super fund, and the sole purpose is to provide retirement benefits to the members. These funds have a maximum of six members and each member acts as a trustee of the super fund. A SMSF is governed by a Trust Deed which outlines the formal set of rules of operation for the fund. The fund must have an investment strategy which details where it can invest, and it must have its own bank account and be audited annually. It must also lodge a tax return with the Australian Taxation Office (ATO).

There are five main advantages of having your own Self-Managed Super Fund.

1. CONTROL

You have more control over where you invest your retirement savings. As a trustee of your own Super Fund, you can control where your retirement savings are invested. You can transfer personally owned shares and managed funds into your super fund, and you can devise your own investment strategy and actively manage your portfolio as markets change. Your own Super Fund also provides portability because your account stays with you wherever you go provided you remain within the framework of Australia's superannuation laws.

2. INVESTMENT FLEXIBILITY

A SMSF provides greater investment flexibility as you have a wider choice of investment options including listed shares, bonds, listed investment companies, exchange traded funds and direct property. A Self-Managed Super Fund can also own 'business real property' (that is, property used wholly and exclusively for business or rental properties—not occupied by any of the trustees or their relations).

3. LOWER FEES?

Potentially a SMSF may mean lower management fees. Unlike retail and industry based super funds, the members of a SMSF can combine their assets to accumulate retirement funds. This can provide a more cost effective outcome because a SMSF with pooled assets in excess of \$200,000 can generally reduce the average cost of managing the fund to below 1.0% per annum.



4. HIGHER RETURNS

Another advantage is the potential for higher returns. There is no guarantee but with more control, a wider range of investment options and lower fees it is possible.

5. TAX ADVANTAGES

Finally, a SMSF provides some key tax concessions. They have a flexible structure and provide families with a vehicle to pool their resources and grow their wealth together. As such, you can effectively transfer wealth between generations and these estate planning benefits may not be available through conventional superannuation products. They also offer maximum asset protection at the same time. Earnings in your SMSF are taxed at the concessional rate of 15% and capital gains on investments held in your SMSF are taxed at an effective rate of 10% if they are held for longer than 12 months. They also provide maximum flexibility in establishing and managing pensions.

While these advantages certainly make a Self-Managed Super Fund sound attractive, they don't suit everyone. There are strict regulations and if you are contemplating starting your own SMSF we urge you to consult with us. It is an important decision, and we can certainly help you with whether a SMSF would suit your personal circumstances.

To Prune or not to Prune?

Some of you may be old enough to remember Kevin Heinze ruthlessly pruning roses with a hedge trimmer on his television show 'Sow What'. It looked like he was using a sledgehammer to crack a nut, but the point was to encourage new growth and there is a takeaway message for business owners. By pruning back the 'dead wood' in your business you can accelerate your growth.

In the start-up phase of a business, some entrepreneurs may try to look like one of the 'big players' in order to compete against more established competitors. They may rapidly expand their offering which may be impressive on the website, but sometimes these choices can be a mistake. In business, less is often more. Below we outline five areas in your business where you should consider some ruthless pruning, allowing your business to send out new shoots and flourish.



1. **Hone Your Offering:** It is not necessary to offer the widest choice of products or services, just a few outstanding products or services, clearly outlined, delivered and targeted to the right market is more effective than the scatter gun approach. Develop deep relationships with the select clients, suppliers and partners who will help your business grow.

2. **Incoming Information:** As business owners we are constantly flooded with information from media, mail, email and social media. Considering that nearly a third of an average work week is used up in reading and responding to emails, it is important to use these channels wisely.

As a director, I'm not the one animating every frame, every shot. I'm moving around like a surgeon on rounds, or a farmer checking in on all the plants being grown, pruning and adjusting. For me, it's a very exciting job.

Henry Selick

- a) Unsubscribe from anything that doesn't offer value or solid information for your business. Services like <https://unroll.me/> can provide help with this task.
- b) Turn off your notifications including those from your social media (because you have already selected a time each day to check that regularly). It is estimated that it takes around 23 minutes to return to a task from which you have been interrupted.
- c) Most email is disposable. Make time to deal with emails once or twice a day and stick to it. Deal with emails using the following steps:-
 - i) Do - if it requires action, do the task right now.
 - ii) Delegate - Forward it to the person taking the action.
 - iii) Defer - actionable but not urgent, add it a folder for later action.
 - iv) Delete - If you don't need it get rid of it.
 - v) File - emails you will need for reference should be moved to archives.

3. **Meetings** are a necessary evil but can be dynamite time wasters. If someone asked to borrow \$200 you would ask what it was for wouldn't you? Same goes for meetings. By asking for your time, meetings are asking for your money. So you want to know what they are for, whether they are necessary and what outcome you can expect up front. Keep staff meetings to an agenda, and don't invite any more people than necessary. Make sure even a casual coffee meeting has a purpose and a time limit. This goes for online meetings as well.

4. **Trim the Peripherals:** Customers are busy people too. Don't include too much information in your advertising, your emails, flyers or your presentations. A one page quote is more likely to be read than a five page quote or proposal.

5. **Processes:** It is easy to introduce unnecessary processes and red tape into a business particularly once an entrepreneur has expanded enough to let control go to employees. Adequate checks and assurances must be in place but look for areas in your business where you can trim back unnecessary processes.



As an entrepreneur it is important to schedule enough time to sit back and look at the business in 'big picture' terms. By regularly reviewing and pruning back or streamlining your business, processes and work habits you have a higher chance of fostering new abundant growth in the future.

Important Changes from July 1, 2022

Here's a quick guide to the key changes that may impact your business in 2022/23.

Rise in Superannuation Guarantee Rate



The amount of superannuation employers must pay their employees increased on July 1, 2022, from 10% to 10.5%. This is legislated to increase to 12% by 2025. The Australian Taxation Office (ATO) is reminding employers that they will need to use the new rate to calculate super payments on or after July 1, even if some or all of the pay period covers work that was performed before July 1.

Superannuation Monthly Threshold



The \$450 monthly eligibility threshold for Super Guarantee payments was removed on July 1, 2022, which means employees can be eligible for

superannuation payments regardless of how much they earn. Basically, employers after that date will be obligated to pay all employees (except for employees under 18 years old with less than 30 hours per week) superannuation contributions of 10.5%, regardless of whether they earn more than \$450 per month.

Increase in Minimum Wage

The national minimum wage from July 1, 2022 increased by 5.2% so Australian employees will be entitled to a minimum take-home weekly pay of \$812.60, or \$21.38 an hour. This represents a weekly increase of \$40 a week, with some 2.7 million Australians covered by the minimum employment standards.



Minimum Modern Award wages also went up by 4.6% on July 1, subject to a minimum increase of \$40 per week. All payroll officers should urgently check to ensure each of their employees are being paid the equivalent of any applicable Modern Award, including wages, penalty rates and overtime. Please note, for certain Modern Awards in the aviation, tourism and hospitality sectors, the increase won't come into effect until October 1, 2022.

All employers will be able to check how the new rates will apply to their business via the Fair Work Ombudsman's updated [Pay and Conditions Tool](#).

IMPORTANT DISCLAIMER: This document contains general advice only and is prepared without taking into account your particular objectives, financial circumstances and needs. The information provided is not a substitute for legal, tax and financial product advice. Before making any decision based on this information, you should speak to a licensed financial advisor who should assess its relevance to your individual circumstances. While the firm believes the information is accurate, no warranty is given as to its accuracy and persons who rely on this information do so at their own risk. The information provided in this bulletin is not considered financial product advice for the purposes of the Corporations Act 2001.