

New Business Handbook

An introductory guide for new business owners

Lincolns
BEYOND NUMB3RS

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New business procedure

Business structure

Consider the risk involved in your business. Do you have sufficient insurance to cover yourself against such risk? If not, then a company may be necessary to protect your personal assets.

Refer to Structure on page on 3 for a full list of entities types available.

Cashflow budget

Budget Sales = Income

Less: Costs

Less: Income tax

Equals = Take Home Pay

Is this take home pay what you expected? How can you improve this bottom line? There are many options to discuss here to make your business more efficient and therefore more profitable.

Business plan

Before you start and every year after, sit down and work out what your business is up to. What's it doing right, what can be improved, what are you hoping to achieve? Reassessing your business goals annually is a good way to stay focused and on track!

GST

Compulsory if your annual turnover is over \$75,000 and quarterly Business Activity Statements (BAS) must be lodged. If your turnover will be less than \$75,000 in the first year you do not have to register for GST but may opt to if your setup costs are high in order to claim the GST back on those expenses.

Business name

You will need to register your business name to ensure it won't be used elsewhere in Australia – Completed via the ASIC website, Cost: \$92

Business bank account

You will need to setup a new account with your bank. The bank will require your Tax File Number, ABN and business name registration to do this. Ensure these bank details are included on any relevant business stationery.

Insurance

When in business the list of new insurances can be overwhelming! Consider public liability, professional indemnity, workers compensation, income protection and the list goes on. Ideally, contacting a local insurance broker to discuss your needs is a good place to start.

Bookkeeping

You will need to record and report all income and expenses. Accounting software will enable you to do this efficiently.

We recommend speaking with your Accountant before purchasing your accounting software. We can let you know which products will suit you best and can also often purchase the products for you at a cheaper rate than you will find in store or online.

Make sure you have your software installed and ready to commence data entry from commencement date.

If you don't have the time or inclination to do your own books, Lincolns has a Bookkeeping team who can take this on for you.

Licensing

Are there any industry licences required? Contact the City of Albany to ensure you are legally allowed to operate your business from the premises.

Marketing

Finally Promotion! Get your business out there as best you can! Advertise, sponsorship, social media, a website and word of mouth. A new business can take a while to get a good, strong client base. Hard work early on will ensure you give your business every opportunity to succeed.

Structure

Structure	Pros	Cons
Sole Trader (1 Person Entity)	<ol style="list-style-type: none"> 1. Simple and low-cost establishment 2. Single business owner 3. No conflict between business operators 	<ol style="list-style-type: none"> 1. Unlimited liability 2. Cannot 'share' income with others for tax benefits 3. Cannot bring in partners for extra support or expertise
Partnership (2 to 20 Person/Entity Structure)	<ol style="list-style-type: none"> 1. Can have multiple partners to bring in more skills 2. Share profits and tax liabilities 3. Share cost of on-goings between partners 	<ol style="list-style-type: none"> 1. Unlimited liability 2. All liable for other partners actions 3. Potential conflict between business owners
Trust (Separate legal entity established with the trustee nominated as controller)	<ol style="list-style-type: none"> 1. Ability to distribute profit to other family members, potential tax savings 2. Can provide asset protection 3. Potentially limited liability (If trust has a corporate trustee) 	<ol style="list-style-type: none"> 1. Costs are higher to establish - \$250 2. Losses are trapped in the trust and are only offset when the trust has profits available 3. Limits flexible ownership changes
Company (Separate legal entity with shares purchased by shareholders)	<ol style="list-style-type: none"> 1. Limited liability – high level asset protection 2. Separate legal entity 3. 25% or 30% tax rate 4. Ability to attract outsourced capital investment 	<ol style="list-style-type: none"> 1. Costs are higher to establish - \$1300 2. Annual charges apply approximately \$650 3. More regulations and more complex 4. Restrictions to access of profits

There are some variations to the way the trust can be setup offering more security with a corporate trustee or set ownership proportions through a unit trust.

Sometimes it will be ideal to join forces with someone who is not in your immediate family. This may bring valuable skills and expertise to your business. In this case a business plan and partnership agreement are even more important to avoid conflicts down the track.

	Setup Costs (inc)	Annual Costs (inc)
Trust	\$250	-
Trust (corporate trustee)	\$1,000	\$650
Company	\$1,300	\$650

Checklist

	Task	Responsibility	Completed
1	Business Structure Sole Trader / Partnership / Trust / Company (Please circle) Corporate Trustee: Yes / No		
2	Cashflow Budget		
3	Business Plan		
4	Registrations <ul style="list-style-type: none"> • TFN <input type="checkbox"/> Yes <input type="checkbox"/> No • ABN <input type="checkbox"/> Yes <input type="checkbox"/> No • GST <input type="checkbox"/> Yes <input type="checkbox"/> No • PAYG <input type="checkbox"/> Yes <input type="checkbox"/> No • Fuel Tax Credits <input type="checkbox"/> Yes <input type="checkbox"/> No 		
5	Business Name Registration Business Name: _____		
6	Set up bank account		
7	Insurance <ul style="list-style-type: none"> • Business Insurance <input type="checkbox"/> Yes <input type="checkbox"/> No • Public Liability <input type="checkbox"/> Yes <input type="checkbox"/> No • Professional Indemnity <input type="checkbox"/> Yes <input type="checkbox"/> No • Workers Compensation <input type="checkbox"/> Yes <input type="checkbox"/> No • Income Protection <input type="checkbox"/> Yes <input type="checkbox"/> No • Other: _____ 		
8	Accounting software		
9	Licensing		
10	Marketing		