



Grow your business and achieve your goals with advisory services

Benefits of small business advisory

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Minimise the pain of taxes & compliance

- ✓ Avoid the stress of having to find last minute funds to pay taxes.
- ✓ Avoid the stress of complying with reporting regulations and late filing penalties.

Improve your business operations & achieve your goals

- ✓ Learn if your business is on the right track to thrive or grow.
- ✓ Know where to focus your efforts to improve or grow your business.
- ✓ Be able to borrow money, raise funds, or sell your business more easily.

Make sure you have enough cash in the bank to run your business smoothly

- ✓ Know if you have enough money to pay expenses and taxes due.
- ✓ Learn how to improve your cash flow long term so that your business operations run more smoothly.
- ✓ Be able to evaluate the impact of big investment spending and time it right so that you avoid running out of cash.



Minimise the pain of taxes & compliance

As taxes and financial reporting are mandated by the government it is of utmost importance to ensure your financial recordkeeping is up to date and accurate. Doing so on a regular basis will help you **minimise any stress** associated with complying with tax regulations and **ensure you are not underpaying NOR overpaying taxes.**

Up-to-date records will also help your advisor give you early warnings of taxes and paperwork due, so that you can **plan ahead and avoid penalties, interests and/or disruption to your business' finances and operations.**

ADVISORY SERVICE BENEFITS

- ✓ **Avoid the stress of having to find last minute funds to pay taxes.**

With early warnings from your advisor you can ensure you put enough money aside, helping you avoid extra costs associated with short-term borrowing, late payment penalties and interests. It will also ensure you don't run short of cash for business operations.
- ✓ **Avoid the stress of complying with reporting regulations.**

Even when there are no taxes due, you still run the risk of unexpected costs such as penalties for submitting information late to the government. There are also other issues you might face such as getting a late tax refund in your bank account because you haven't kept on top of recordkeeping; resulting in lack of cash when you might need it most. Early reminders from your advisors ensure these things are taken care of.
- ✓ **Bonus – improve your business operations & achieve your goals.**

With up-to-date recordkeeping you'll also be able to track profitability more easily. This will enable you to identify areas of your finances that need improvement in order to meet your business goals. Talk to your advisor if you're interested in reaping the rewards of this benefit.

WHAT YOU'LL GET

Your advisor may send you the following tax insights to help you prepare for tax obligations and avoid disruptions to your business' finances.

1 Reconciliation Requests

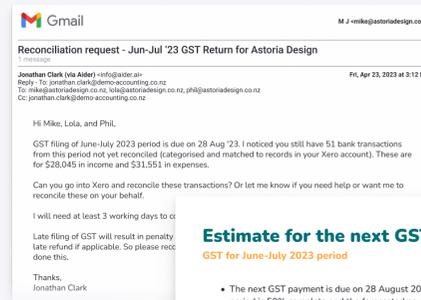
If you do your own bookkeeping, this is simply a request to ensure your financial recordkeeping is up to date and accurate. Simply match the bank statement lines you imported into Xero with an invoice, bill, or new transaction in Xero. Then assign it to the correct category ("Account"). If you're not sure what the correct category should be, ask your advisor. Alternatively, delegate this reconciliation task to a professional bookkeeper so you can focus on running your business.

2 GST Forecast

With your recordkeeping up to date, your advisor will be able to give you early warnings of GST due – especially if there is a big increase in the amount due (when compared to an average GST period).

3 Income Tax Forecast

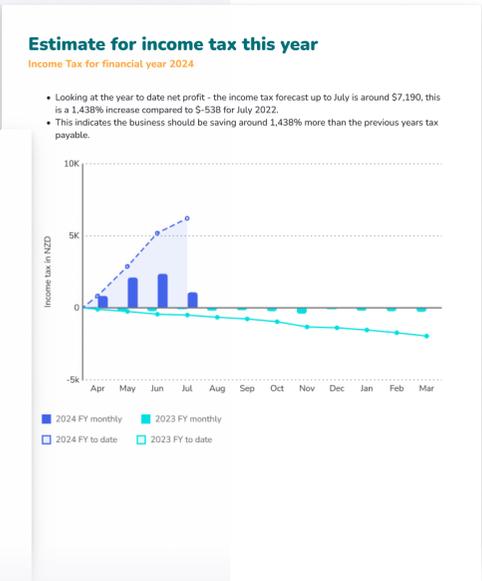
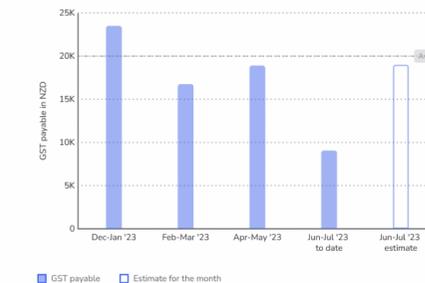
With up-to-date recordkeeping, your advisor will also be able to give you a rough idea of how much money you may need to put aside to pay any Provisional Income Tax due throughout the year.



Estimate for the next GST due

GST for June-July 2023 period

- The next GST payment is due on 28 August 2023 for the June-July 2023 period. The GST period is 50% complete and the forecasted payment is looking around \$19,000 based on the recorded Income and Expenses so far. Make sure you save this aside for 28 August 2023.





Monitor your profitability to stay in business & grow

If you are keeping your financial records up to date and accurate, your advisors will be able to help you track your business' performance and identify areas for improvement to help you achieve your goals. This is what you'll need in order to instigate sustainable business growth. Your advisor can help you do this.

Here are some questions to consider:

- Do you know if your business is profitable?
(I.e. Are your business earnings outweighing costs?)
- Is your business making enough money to meet costs and stay afloat?
- Is the changing market conditions and/or inflation making it harder to stay in business?
- Do you want to run a successful thriving business or do you want your business to grow and perhaps even franchise it one day?
- Do you want to eventually sell up or get listed on the stock exchange?

Whatever your goals are for running your business, the road to achieving them starts with tracking your business' profitability.

ADVISORY SERVICE BENEFITS

- ✓ **See if your business is on the right track for healthy growth.**
Talk to your advisor about your goals for running your business. They can help you set appropriate targets to achieve your goals and figure out what to watch out for in your profitability monitoring.
- ✓ **Figure out where to focus your efforts to help your business flourish.**
Your advisor can help you figure out what needs improving and suggest ways to improve your operations to make meeting targets less stressful.
- ✓ **Bonus – make it easier to borrow money, raise funds, or sell your business.**
By keeping track of your business' profitability, you'll find it easier to apply for bank loans, raise money from investors, and sell up (if that's your goal).

WHAT YOU'LL GET

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Your advisor may send you a monthly or quarterly Performance Report with the following profitability insights to help you focus your efforts:

1 Revenue

This tracks your total business incomes and shows if your business is bringing in enough money to stay operational and grow. If your Revenue dips, you'll need to focus on things like effective marketing and other ways to increase your sales and other income – your advisor can help you discover what might work for you. You may also want to look at other factors that may affect revenue performance and how you can tweak these. E.g. changing your prices, invoicing on time, refreshing payment terms you offer to customers, and perhaps expanding your customer base.

2 Direct Costs

This tracks the costs of producing and/or acquiring goods and services that you sell. Generally, this will rise or fall in line with your Revenue – e.g. the more you sell, the more costs involved in producing your products. But if your Direct Costs are rising faster than your Revenue, this means it'll cost you more to sell the same product/service than before. You may want to consider options like switching suppliers, re-negotiating contracts, improving efficiencies, minimising wastage, or raising your prices. Your advisor can support you with these decisions.

3 Gross Profit

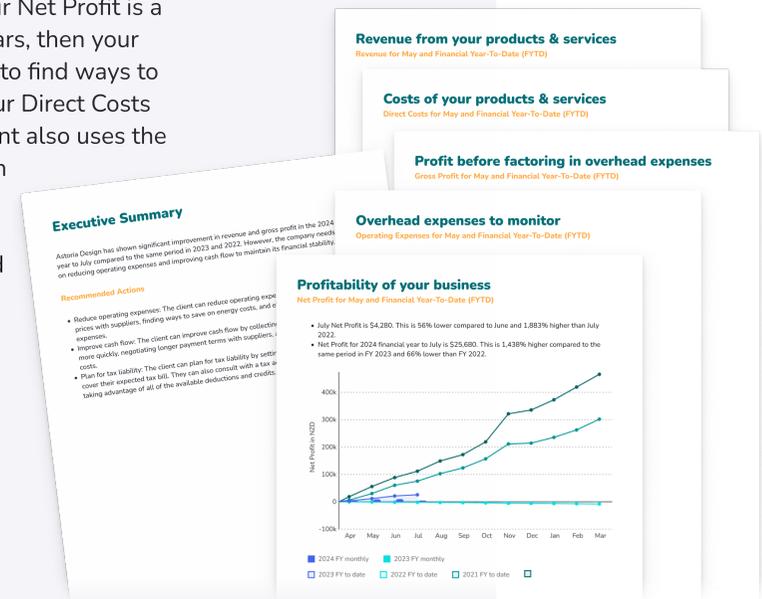
This tracks the amount leftover after you subtract Direct Costs from your Revenue. You'll need sufficient Gross Profit to cover your daily business costs such as rent, utilities, payroll, etc. Ideally, you want to ensure there is extra money leftover for future investments like replacing equipment and inventory, hiring more staff, or unexpected costs. You may also need to consider raising your prices or reducing your Direct Costs if your Gross Profit is insufficient. Your advisor can help you with this.

4 Operating Expenses

This tracks all of your daily running costs; including fixed costs like rent and payroll, and variable costs like marketing, utilities, supplies and repairs. If you're overspending more than your Gross Profit then this could have detrimental impacts on your business. In this case, you may wish to consider ways to reduce your Operating Expenses – such as renting a smaller space, moving location, reducing staff size, or spending your marketing budget more wisely. Alternatively, you may consider finding investors or borrowing funds if your business needs more time to reach break-even point and turn a profit.

5 Net Profit

This tracks whether your business is making money or losing money. It is the amount leftover after all expenses are subtracted from your Revenue. If your Net Profit is a negative amount for months, or even years, then your business may not survive. You will need to find ways to increase your Revenue and/or reduce your Direct Costs and Operating Expenses. The government also uses the Net Profit amount to calculate how much income tax your business owes, assuming you haven't taken money out as shareholder salaries or dividends, and pay income taxes separately as an individual.





Improve your cash flow & ensure there's money in the bank to run your business smoothly

Cash flow is different from 'profitability' – especially if your business operates on invoices and bills instead of cash payments. Your business may seem profitable on paper (earning more revenue than money spent on expenses). But until you get paid on those invoices, those earnings are not money in your bank that you can spend yet. This is where cash flow comes in.

Cash flow affects how much money you have in the bank to:

- Pay for taxes and expenses;
- Invest in your business (e.g. expand, hire more staff, buy essential supplies and equipment);
- Take company profit out as shareholder salary.

If you have ever felt like you never have enough money in the bank when you need it even though your business is thriving, your advisor can help you understand the reason why this is, and suggest ways to improve this accordingly.

ADVISORY SERVICE BENEFITS

✓ See if you have enough money to pay expenses and taxes due.

If you don't have enough money then your advisor may be able to help you figure out some short-term solutions. For example: chasing up outstanding invoices, renegotiating payment terms for bills, prioritising which bills to pay to have the least impact on your business operations or incur least penalties and interests, or taking a look at affordable short-term borrowing options.

✓ Learn how to improve your cash flow long-term so that your business runs more smoothly.

Long-term solutions may involve identifying the real source of your cash flow problems. For example, is your business not currently profitable, is the way you're getting paid and paying bills causing problems despite your business being profitable? Your advisor can advise you on changes you can make to avoid cash flow issues, as well as suggest long-term funding options for the spendings needed for growth and expansion.

✓ Bonus – check the impact of big investment spending to avoid running out of cash.

If you are planning major spending like buying equipment, replenishing inventory, or hiring more staff, you may want to check with your advisor about its impact on your cash flow. They may be able to help you time this correctly so it doesn't cause you to run out of cash in the near future. Alternatively, they may help you figure out the best borrowing options if the timing cannot be changed.

WHAT YOU'LL GET

Your advisor may send you the following cash flow insights to help you better manage your cash flow:

1 End of Month Cash Position Estimate

This gives you a rough idea of how much money your business may have by the end of the current and/or next month if your recent bank activity patterns continue (money in and out).

2 Invoicing Status

If your business operates on invoices, this warns you if you're billing less this month than your average for the last 12 months. Billing less this month will affect your cash flow next month, assuming your customers are paying within 30 days and on time. It means you may have less cash for operational expenses next month.

3 Cash Flow Monthly Pattern

This shows you whether there's a pattern to how much money your business has in the bank throughout the last three months. For example, is your cash position improving month-on-month, or maybe you always run out of money at a certain time of the month?

