

## Questions to Consider when Operating a Business

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Following is a list of issues which you may need to consider when operating a business. It is not meant to be a comprehensive checklist, instead it should be used as a guide of issues which may arise during the general operation of a business.

These issues have different degrees of complexity and should be reviewed with your Accountant, Legal, Insurance or Financial advisor, in order to give yourself the best opportunity to operate a successful business.

### **Business Structure:**

1. Is the current legal structure still appropriate for the business?
2. Are there any issues you need to consider if you change the legal structure of the business?
3. What steps are involved if you change the structure for the business?
4. Do you need to transfer your existing trade license if there is a re-structure of the business?
5. Are there any implications if equity holding in the business is transferred to family or other members?

### **Business Finance:**

6. Is the business running in accordance with your plans and objectives?
7. Should you consider re-financing the business?
8. How do you assess if the business can accommodate additional borrowings?
9. When is it a good time to renegotiate the terms on existing debt?
10. What do the banks or other credit suppliers generally require in terms of ongoing financial or other reporting?
11. If the business is finding it difficult to pay its bills, should you adjust profit margins, cut costs or a combination of both?



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### **Business Protection:**

12. Do you have the appropriate insurance cover?
13. Are existing levels of control to manage business risk appropriate?
14. Have you reviewed the 'buy sell agreement' or 'put and call option'? Have any issues arisen to necessitate change?
15. Do the existing internal policies and procedures of the business need to be reviewed?
16. Can you be held personally liable for debts of the business?

### **Business Management:**

17. Have you compared budgets and performance indicators to actual results?
18. Are your budgets, cash-flow statements and performance indicators appropriate? If not, do they require adjustment to reflect the changes in the business and the economy?
19. How do you prepare a strategic plan for your business?
20. Have you analysed the business strengths, weaknesses, opportunities and threats?
21. What is a reasonable amount of profit that the business should derive compared to industry benchmarks?
22. What will be the impact on the business gross profit margin if you change your sale price?
23. What are some of the best ways to reduce business operating costs?
24. Should you review supplier agreements and terms of trade?
25. What issues should you consider when you are getting close to the end of the lease?
26. What impact will offering a discount for early payment of invoices have on your business?



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27. What should you consider when reviewing employee arrangements (e.g. structured reviews, developing mutually agreed KPI's, commissions and bonuses, confidentiality and privacy agreements, restraint of trade, equity share plans)?
28. Does the business need to register for payroll tax?
29. Can the business employ family members?
30. Can you increase your contribution for superannuation using salary sacrifice?
31. If you mix the business loans with some personal transactions is all the interest deductible?
32. What is the best way for the business to get the accounting data to your Accountant?
33. Have you prepared your tax planning?
34. Do you understand and can you interpret a Profit and Loss Statement, Balance Sheet, and Cash-flow Statement?
35. Have you reviewed the business IT systems and procedures (e.g. software licences, back up policy, staff training, cloud computing)?
36. How do you determine if you are eligible for any research and development concessions?

### **Business Compliance:**

37. How long do you need to keep your business records?
38. What do you need to do if the business cannot pay its tax obligations on time?
39. What happens if the business incurs trading losses?
40. What should you do if contacted by the ATO?

