



# MANAGING YOUR MONEY

WE'RE NOT ALL BORN NUMBER CRUNCHERS. BUT WHEN YOUR BUSINESS IS YOUR BABY, THERE ARE SOME BASIC PRINCIPLES THAT CAN HELP GUIDE YOUR MONEY MANAGEMENT THE RIGHT WAY. BEFORE YOUR BUSINESS TAKES FLIGHT, **TICK THESE BOXES AND YOU'LL BE UP, UP AND AWAY!**

**Start a business budget:**


Got a household budget? Your business budget should follow those same steps of ensuring you've got enough coming in to afford what needs to go out. Use an Excel spreadsheet or online template to keep track of the following:

- Any setup costs, like registrations, licenses, equipment, money for everyday expenses
- Monthly profit and loss forecasts, based on your estimates or industry standards
- Any fixed or variable costs, like paying suppliers, rent, electricity, delivery, website or contractor fees
- A forecast after your first year of business. This will contain your expected assets and liabilities so you can work out what resources you'll need for day-to-day operations in the next year.
- Your break-even point. Anything above this number is counted as gross profit.

**Separate your personal and business transactions:**

Do you really want to wade through your personal transactions every time you need to work out sales, day-to-day expenses, tax deductions and your cash flow needs? Open a separate business transaction account to save that sweet time and get an accurate picture of your finances. It also makes your business look more professional to customers and suppliers, and is necessary for applying for finance from the bank. Try a business transaction account with a zero monthly fee option and unlimited electronic transactions, like CommBank's Business Transaction Account.

**Track your cash flow:**

Cash flow is simply the amount of money that goes in and out of your business. But unlike assets like tools or equipment, it's instantly liquid. If you're spending more than you're making, then you may find yourself unable to meet your immediate obligations. So, prepare annual, quarterly and monthly cash flow projections to closely monitor your operating expenses, overheads, stock levels, debt collections and profit. An accountant can help you review your cash flow plans. If you've got a CommBank Business Transaction Account, you can set up smart alerts to tell you if your account balance is low, high, overdrawn or if you've just been paid. 

**Things you should know:**



This document is intended to provide general information of an educational nature only. It cannot be used for financing and credit risk assessment purposes. It does not have regard to the financial situation or needs of any reader and must not be relied upon as financial product advice.





# MANAGING YOUR MONEY

CONTINUED



**WATCH ONLINE:**  
What is cash flow and how do I monitor it?

**Know your tax obligations:**

Right from the get-go, work out the type of taxes that could apply to your business, tax registrations, tax deductions and what business records you need to keep if the Australian Tax Office calls. Head to [business.gov.au](http://business.gov.au) for more.

**Set up a record-keeping system:**

As a sole trader, keeping good records will give you the best chance of success. If your business is super simple, you can do it manually, but many businesses nowadays use electronic bookkeeping systems like Xero to streamline accounting.



**HOT  
TIP**

**Improve your cash flow by issuing invoices immediately after the delivery of goods or services. You can also shorten payment terms or invest in a mobile EFTPOS device.**

**Keep up to date with government grants:**

There are many grants to encourage microbusinesses. Visit the Federal Government and state government's business websites to search for new grants, loans and financial assistance.

**You're ready to fly!**

Head to [flyingsolo.com.au](http://flyingsolo.com.au) for advice, ideas and support from Australia's largest community of solo business owners.