



ALL ACCOUNTED FOR  
CONFIDENCE IN BUSINESS

# NEW TO BUSINESS GUIDE



CHARTERED ACCOUNTANTS  
AUSTRALIA + NEW ZEALAND





## **STARTING A NEW BUSINESS?**

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While starting a new business is exciting, it can also be challenging without the right support. There are numerous considerations, such as start up costs and compliance, cash flow management, hiring staff, vehicles, equipment, emails, website and asking yourself why you are doing this.

Common questions we often get are:

- Do I need to set up a Company, Trust, Partnership or operate as a Sole Trader?
- Do I need to register for GST, or as an employer? What about FBT?
- How do I invoice my customers?
- How do I generate a profit and pay myself with all this setup & compliance stuff?

When you partner with All Accounted For, we work with you to answer these questions and provide the solutions to provide you with confidence in business.



**WELCOME ABOARD**



# CONTENTS

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This guide provides insight on the following business start up areas:

## Planning

- Business Planning
- Goal Setting
- Business Structure
- Cash Flow & Budgets

## Operating

- Xero - Beautiful Accounting Software
- Hubdoc - Streamlined Data Entry & Bill Payments
- Monitoring Business Performance
- Income Tax Explained
- GST Explained
- Expenses
- Motor Vehicle Expenses
- Insurance
- ACC For Business
- Business Bank Accounts
- Payroll
- FBT & Staff Considerations

## Growing

- Confidence in Business
- Success Stories



Studies show that businesses that plan, **grow 30 percent faster** than those that don't

Having a business plan is important, particularly for new businesses. It allows you to focus on what you want to achieve. The key items you should cover as part of your business plan are:

- Purpose & Mission
- Goals & Strategy
- Target Market & Competition
- Business Structure
- Financing & Budgeting
- Sales & Marketing

To help get you started, you can find a one-page plan, or a more comprehensive business plan template from Xero at:

<https://www.xero.com/nz/resources/small-business-guides/how-to/how-to-start-a-business/write-a-business-plan/>

\*Burke, A., Fraser, S., & Greene, F. J. (2010). The multiple effects of business planning on new venture performance. *Journal of Management Studies*, 47(3), 391-415.



## **GOAL SETTING**

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Goals provide focus. They should always have the end game in mind, e.g. I want to retire in 10 years with 1 million dollars in the bank!

Your goals need to be SMART.

Specific

Measurable

Achievable

Realistic

Timely

Everything you undertake in your business should move you closer to achieving those goals. All Accounted For can assist with shaping your business plan and setting SMART goals.

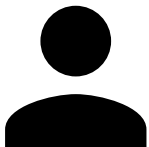




# BUSINESS STRUCTURE

Choosing the right structure for your business is crucial as choosing the wrong one can have major tax implications. There are 4 main types of structures. Depending on your specific and unique situation will determine on the structure we recommend.

You also need to consider the different legal and financial obligations of each structure.



## SOLE TRADER

Low startup costs, few regulations, owner gets all the profits. Provides no protection around personal liability.



## PARTNERSHIP

Less financial burden, but split profits and shared decisions. Fewer regulations than a company



## COMPANY

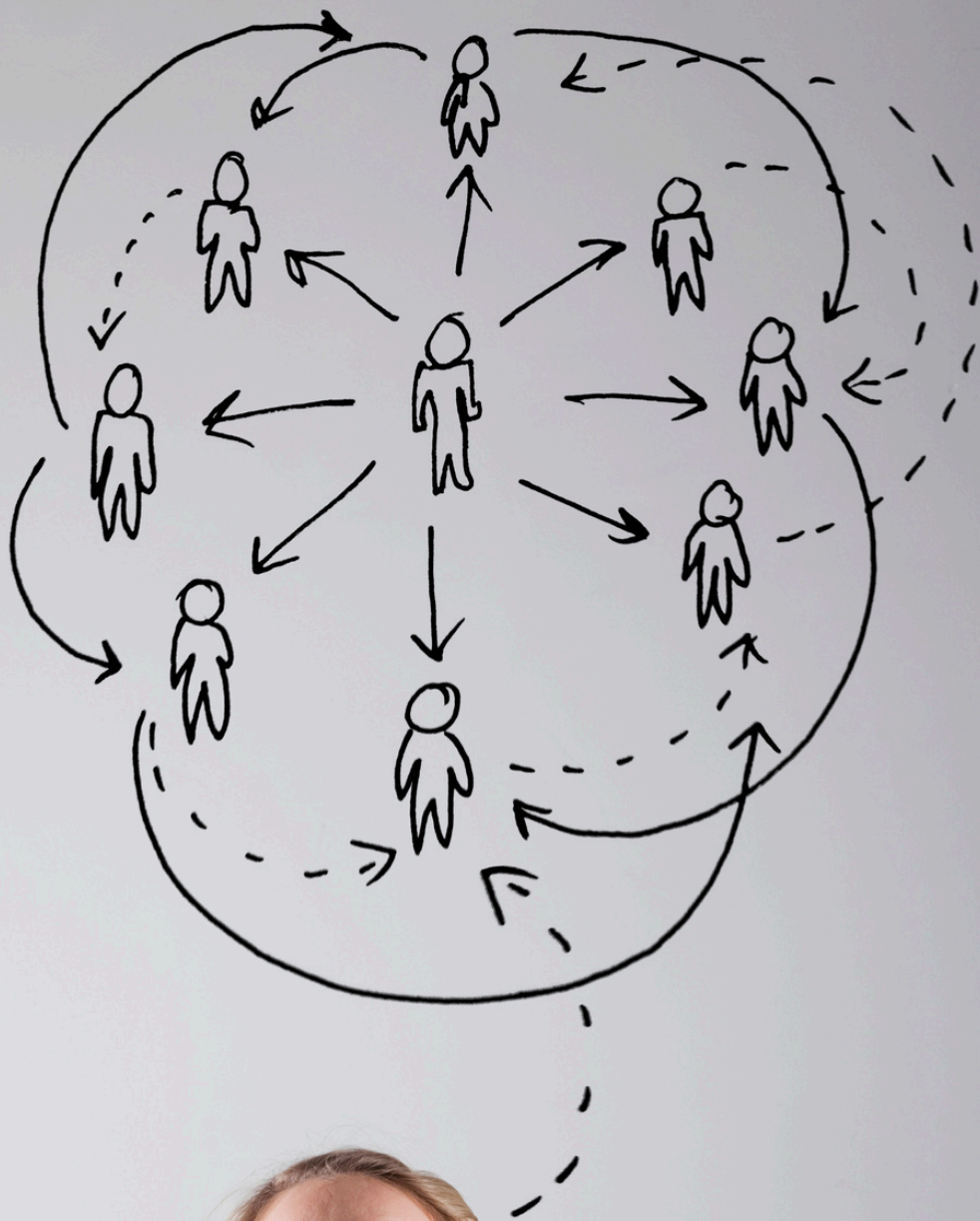
Personal Assets protected, more business credibility, potential for tax efficiencies, some additional regulations.



## TRUST

Asset protection, income distributed at trustee's discretion, some additional compliance and requirements.





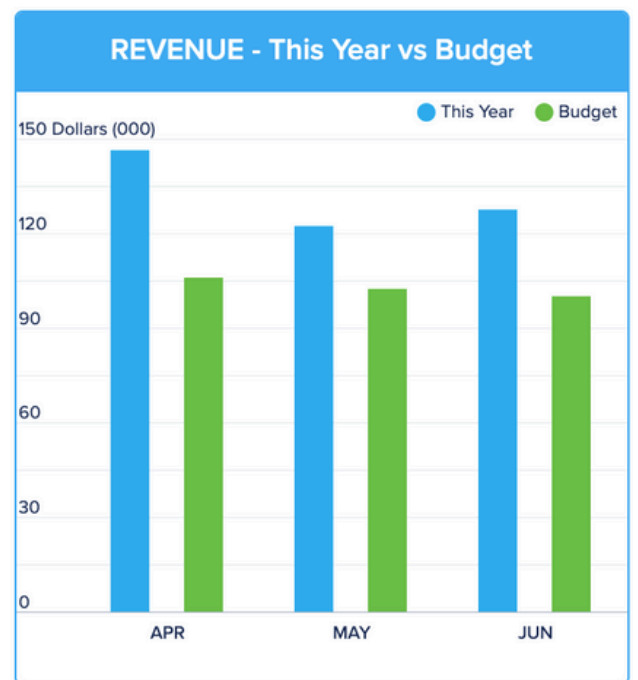


## CASH FLOW & BUDGETS

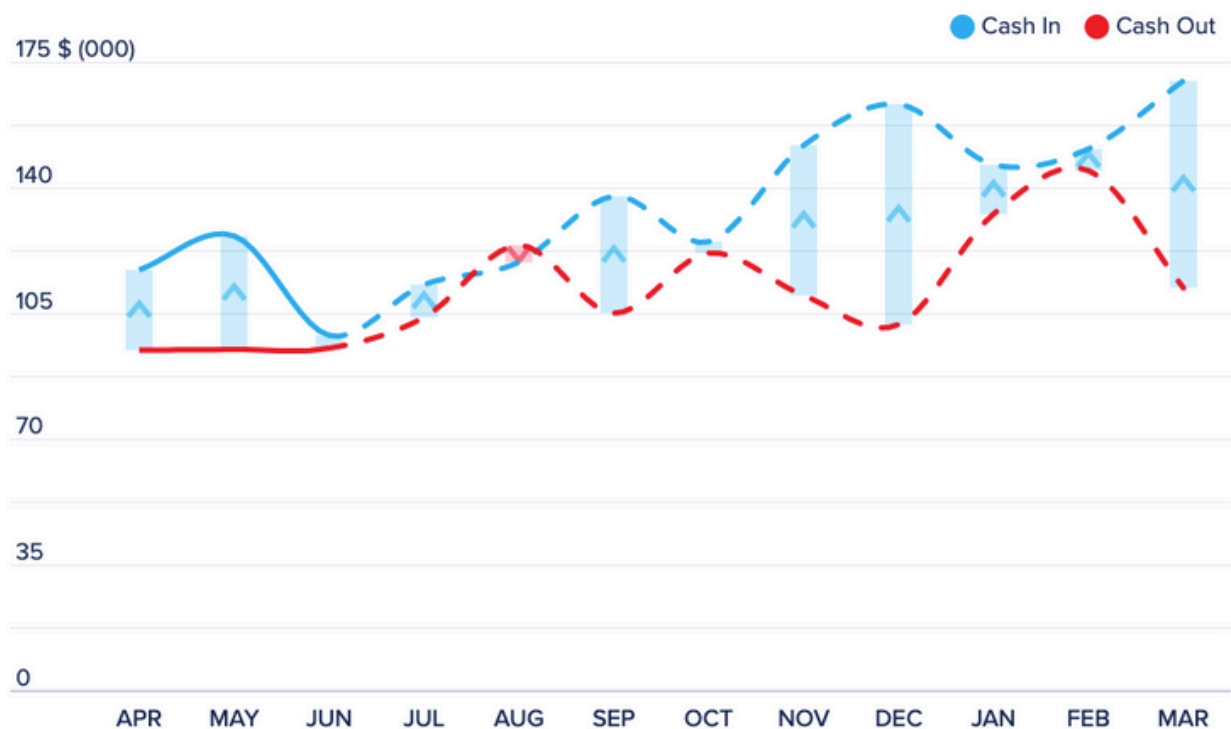
New businesses have a multitude of start up expenses, but often limited initial sales to cover this cash outflow. You may need additional sources of cash, funded through the likes of an overdraft. We highly recommend setting budgets and forecasting cash flow so that you are prepared for the future.

**Lack of cash is one of the main reasons, new business fail.**

One of the tools we use for monitoring cash flow is Spotlight Reporting. Along with providing numbers for the bank, Spotlight Reporting enables us to produce visual representations of your cash flow situation now and for the months ahead.



### FORECAST CASH IN AND OUT



Our top 5 cash flow management tips that we can assist you with, in order to get your business cash flow in the best position possible:

**1**

Prompt invoicing and follow up reminders

**2**

Keep accounts up-to-date

**3**

Have the ability to access cash quickly

**4**

Keep business & personal finances separate

**5**

Budget/forecast for expected large expenditure

We can help you forecast and budget accordingly, and provide assistance with getting additional financing if required.



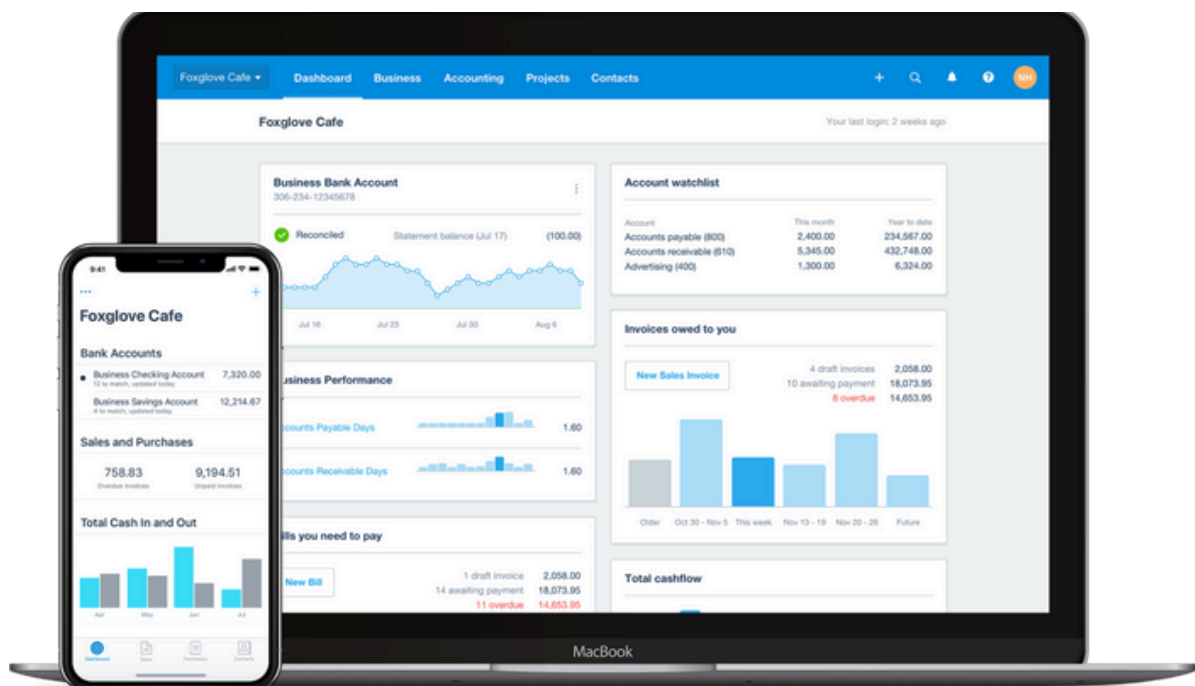
# XERO - BEAUTIFUL ACCOUNTING SOFTWARE

While Xero is fundamentally an accounting software system, it doesn't look and feel like one. You don't need to be an accountant or have any financial background to operate it. Xero enables you to [increase efficiencies](#) and [streamline](#) the way you manage your business.

Using Xero allows you to view your cash position and track profitability anytime, anywhere. Xero also offers the following add-on integrations: Xero Payroll, Xero Projects and Xero Expenses.

The Xero mobile app helps you stay connected to your business on the go. [Run your business from anywhere with confidence.](#)

All Accounted For are Xero Platinum Partners and have been using Xero since 2008. Our team of Xero certified advisors are always on hand to provide assistance when you need it. [We offer Xero training to all new users, as well as ongoing support.](#)



## Key Benefits of Xero

- Ease of use
- Timely information
- Automated bank feeds
- Bank rules
- Easy accounts receivable
- Identification of outstanding amounts
- Accessibility of information



## Xero App Marketplace

There are **over 1000 apps** that connect with Xero to **save you time and make your life easier**. Whether you're after workflow or document management, invoicing or payroll solutions, there is an app out there that can help. Refer to our industry specific guides on our [website](#) or talk to us to discuss potential solutions for your business.

S360

oEntry

datamolino

ProfitSee

NowInfinity

Dropbox Business

SuiteFiles

fyi

nim

rack

FUTRLI

Wolters Kluwer

Business Fitness

Expensify

box

spotlight reporting

G S

Zrilo

BOMA

Virtual

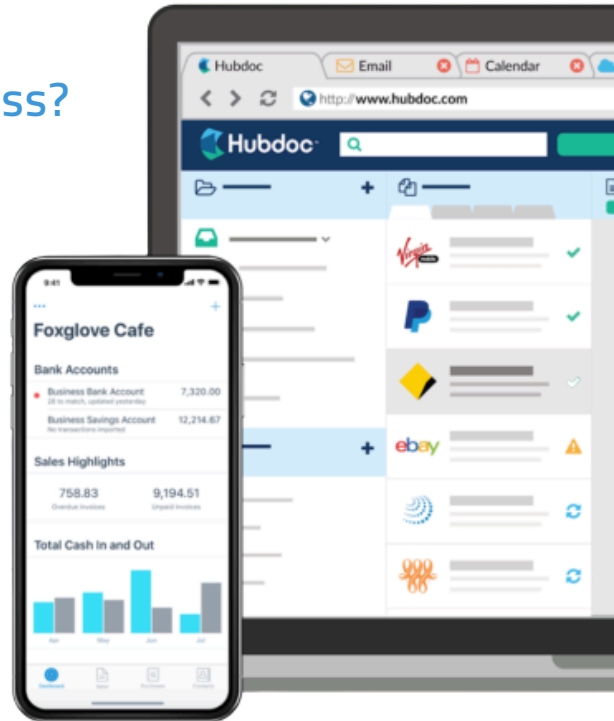


# HUBDOC - STREAMLINED DATA ENTRY & BILL PAYMENTS

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Do you want to go fully paperless?

Hubdoc is a Xero product that speeds up record keeping, while also acting as a secure cloud-based digital filing cabinet.



When it comes to supplier invoices, bills, and paper receipts; these are easily submitted into Hubdoc by email, using the Hubdoc mobile app to take a photo, by simply uploading them from your computer, or by connecting directly to suppliers invoice portals. It's not just receipts and invoices though, Hubdoc can store other financial documents.

When you use Hubdoc and Xero together, manual data entry is significantly reduced and bank reconciliation and year end audits are simple and seamless.



**Hubdoc Certified**  
Xero Partner

As Hubdoc Certified Partners, All Accounted For can provide training and assistance, so that you can make the most of this document management solution and spend less time on admin.

Import all that paperwork by using **Hubdoc** to...



snap & send  
paperwork



link your accounts  
for automatic  
delivery



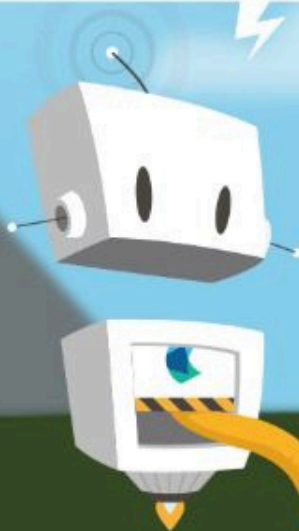
forward invoices  
from your inbox

& convert it...



into usable data

Automatically  
fetch your bills



Say goodbye  
to data entry



Sync with your  
accounting



# **MONITORING BUSINESS PERFORMANCE**

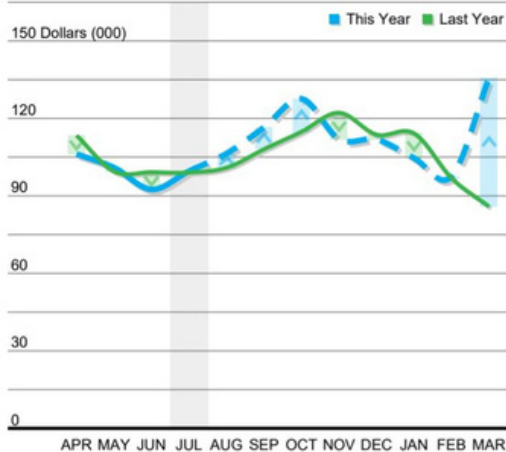


Spotlight Reporting is a cloud based system that syncs with Xero and other systems, as well as enabling manually entered data, such as non-financial information.

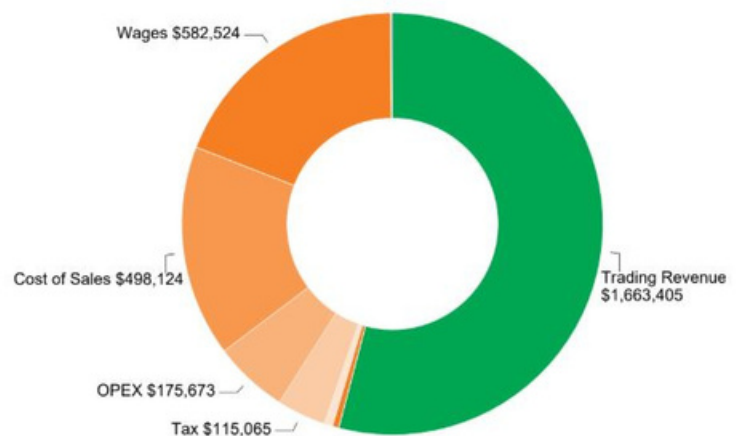
We use a combination of Xero and Spotlight Reporting to produce meaningful, clear reports and information to help our clients understand exactly how their business is performing, as well as providing business suggestions, action points and forecasts.

If you would like to know more about Spotlight reports and if these could help you achieve your business goals, get in touch with the All Accounted For team.

REVENUE - This Year vs Last Year



FORECASTED CASHFLOW



Understanding how your business is performing is essential for growth, minimising costs and forward planning.

Receiving regular performance reports is proven to drive growth and increase sales and profits.

Did you know Xero prepares quarterly small business insights?

<https://www.xero.com/nz/resources/small-business-insights/>

Small business. **Big insights.**



Small Business Insights



## INCOME TAX EXPLAINED

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The tax system can be a bit daunting when you are first starting out in business, which is where we can assist.

**Year 1** - in your first year of business, you usually don't pay income tax until after the end of the tax year - "terminal tax".

**Year 2** - if the business activity for the previous year means your tax liability exceeds \$5,000, you then become a "provisional tax payer" and have to start paying tax in advance, via installments throughout the year. Any remaining tax owing after your tax return has been filed is your terminal tax.

You need to file tax returns every year you are in business, and also if you operate a Partnership, Company or Trust.

We know that most business owners want to focus on their business and not on the accounting and tax. If you want us to handle this for you, we will explain tax returns in plain English, highlighting any changes since the previous period and are happy to talk these through with you in further detail, so that you can achieve the results you want.





## **GST EXPLAINED**

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As soon as you think your business will **generate more than \$60,000 in revenue for a 12 month period, you must register for GST** and complete regular GST returns (monthly, 2-monthly or 6-monthly).

**You can also voluntarily register for GST, even if you are under this threshold, as you might be able to claim GST on business expenses.** This is often the case in the first year of business when you may have significant plant and equipment expenses, but little income.

**You can only claim back the GST on goods or services if the business is registered for GST.**

And, if you are GST registered, you also need to charge GST (15%) on what you sell — this is collecting it on the Government's behalf.



## **EXPENSES**

All businesses, including contractors and sole traders, can claim expenses against their income.

Business expenses can include:

- accounting and consulting fees
- business subscriptions and association memberships
- depreciation on equipment, e.g. computers & furniture
- home office expenses
- insurance premiums
- interest on borrowing
- motor vehicle expenses
- office rent
- stationery
- transport and travel costs for business purposes
- work-related mobile phones and phone bills
- work uniforms

We can help you determine which of your expenses, or the proportion of these expenses are eligible to be claimed against your income.





## MOTOR VEHICLE EXPENSES

There's many factors to consider when it comes to claiming expenses for motor vehicles used in your business.

- Is the vehicle owned by the business?
- Did you know that if you drive to work in your business vehicle, it could be deemed as personal use of the vehicle?
- Do you need to pay fringe benefit tax if an employee uses a business vehicle?
- If a personal vehicle is used for business, what proportion of motor vehicle expenses can you claim?
- Are you best to use actual costs or the kilometre rate method for determining motor vehicle expenses?

All Accounted For can advise you on how best to record and calculate your motor vehicle expenses to minimise tax.

To calculate the proportion of motor vehicle use for business purposes, it is recommended to use Inland Revenue's motor vehicle logbook template, which can be downloaded here:

<https://www.ird.govt.nz/income-tax/income-tax-for-businesses-and-organisations/types-of-business-expenses/claiming-vehicle-expenses/use-a-logbook>. There are also mobile apps available for tracking mileage.





### Why do you need business insurance?

Business risks are not always obvious, but have the potential to become very costly if not covered. Business disruption can be caused by any number of events, such as: natural disasters, cyber attacks, theft and employment disputes.

The main policy types are:

- **Material Damage** - stock and equipment
- **Public Liability** - damage to third party property
- **Statutory** - breaches of statutory legislation, other than health & safety
- **Director / Officer** - to cover the liability of company directors
- **Key Person** - to cover lost revenue due to a key person in your business being unable to work
- **Other** - there are a multitude of other insurance policies to cover items such as vehicles, cyber attacks and business interruption.

Generally there won't be one single policy that will cover all of your business risks, so we recommend working with an experienced insurance advisor. We can put you in contact with the right people.



If you're self-employed, a non-PAYE shareholder-employee or an employer in New Zealand, you're legally required to provide ACC (Accident Compensation Corporation) business cover for yourself and any employees, for income protection in the case of work-related accidents. The levies payable are determined by your industry type and total salary and wages paid.

### Standard Cover

**CoverPlus** - for self-employed

**Workplace Cover** - for employers and shareholder-employees

These are levied within two months after your first business tax return has been filed and are based on the business salary and wages paid.

### Optional Cover

**CoverPlus Extra** - for self-employed and shareholder-employees

**Accredited Employers Programme** - for employers

If your turnover tends to fluctuate year to year, CoverPlus Extra, can provide certainty of coverage, by agreeing the level of cover with ACC in advance - a bit like an insurance policy. CoverPlus Extra levies need to be paid earlier than if you have a standard CoverPlus policy. However, the premiums tend to be lower than the standard CoverPlus levies.

Joining the Accredited Employers Programme means you'll be responsible for managing your employees' injuries and claims. This could reduce your Work levy by up to 90%, but there is an increased level of responsibility and risk involved. This programme is best suited to large employers who pay an annual Work levy of over \$250,000.





## **BUSINESS BANK ACCOUNTS**

When you start out in business you should open a business bank account/s to separate your personal and business finances. You also need to ensure, where possible, that business transactions are run through the business account and personal transactions are kept in the personal account.

This [streamlines your accounting records](#) and saves a lot of time and effort when tax time rolls around. Operating a business bank account also [presents a professional image](#).

Also consider a business credit card and what reward points are offered. Many suppliers will accept a credit card for payment of goods and services.





You will need to register as an employer with Inland Revenue if you plan on hiring staff or engaging contractors on labour only. In addition, you will need to maintain records and keep them secure.

It is much [quicker and easier to use a payroll intermediary](#) to manage your employee wages and associated tax obligations, including storage of payroll records.

[PaySauce](#), [SmartPayroll](#) and [Xero Payroll](#) are payroll providers that collect and calculate everything you need to process payroll. They integrate directly with your bank and IRD, so all pay day filing obligations can be met. Your employees' information is completely secure. As partners with all of these providers, we can help set you up with an account.





## FBT & STAFF CONSIDERATIONS

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### FRINGE BENEFIT TAX (FBT)

As well as PAYE obligations, businesses that provide employee benefits or perks may need to pay FBT and file FBT returns during the year. Most benefits employees receive on top of their salary or wages are fringe benefits, for example, a company car or car park. Shareholders and other associates of your company may also receive benefits.

### STAFF CONSIDERATIONS

Other employer considerations include health & safety and workplace policies and procedures. Templates and guides can be found at the Ministry of Business, Innovation & Employment website: [www.employment.govt.nz](http://www.employment.govt.nz).

Employment agreements are a legal requirement and essential for clarifying the employee's obligations.

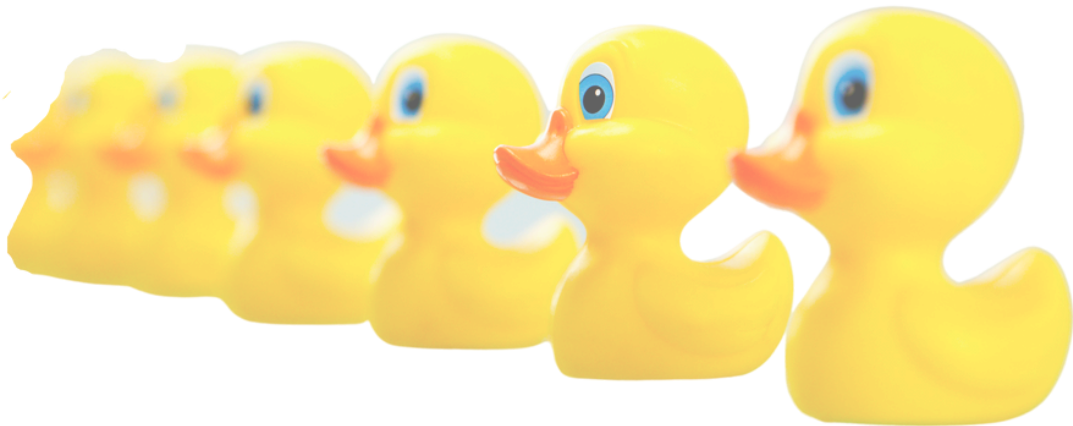
A helpful tool for creating employee agreements can be found here: <https://eab.business.govt.nz/employmentagreementbuilder/startscreen/>





**All Accounted For deliver confidence to business owners, so they can achieve their goals.**

We are here to help you **cover off all areas of your business**, ideally before you even commence. We help you get all your ducks in a row so you can **focus on your business and working towards your goals**.



All Accounted For was established to provide exceptional accounting services and understandable financial information to small and medium business owners, at affordable rates. We provide a wide range of business advisory services as well as management and financial accounting services, including monthly reporting, forecasting, budgeting, business valuations, taxation compliance and year-end reporting.

**We will be there every step of the way.**



## **SUCCESS STORIES**

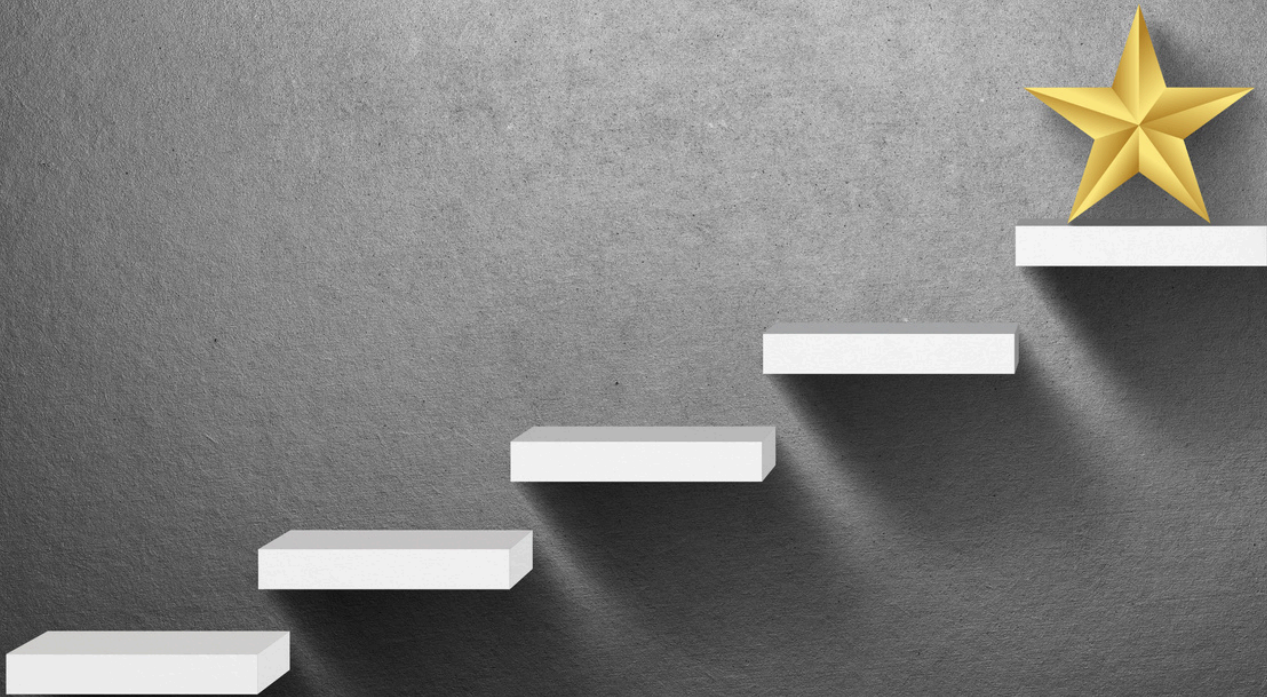
*"Knowledgeable, approachable and above all, friendly. Those are all words I think of in relation to Ben, Sarah and the team at All Accounted For."*

*These guys have done wonders for both my business and personal accounting situations so I cannot recommend them highly enough. If you need expert advice this is the team to talk to."*

- Dan Williams

Refresh Renovations





*"We have been with All Accounted For since 2013, when we first started our business, and it has been one of our best decisions. Through our six years of business and investments, AAF was by our side every step of the way."*

*Ben and Sarah provided us with professional and personal advice, exactly what we needed and when we needed it."*

*- Zoe Yi*

Best Western Johnsonville



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