

September 2011

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ATO Data Matching

The ATO works closely with all levels of government, insurance companies and other authorities to ensure payments made to people undertaking repair and reconstruction work are reported correctly.

The ATO data matching capability allows them to:

- identify businesses who have received government payments and review those suspected of not returning income or not meeting their PAYG withholding and super obligations
- identify those who are using non-lodgement or partial lodgement to avoid their responsibilities
- detect overstated or fraudulent claims
- ensure taxpayers return all of their income and claim offsets they are entitled to.

If you provided assistance to businesses or individuals to recover from the disasters last summer and were paid for such, ensure you declare all such income to the ATO to avoid any fines or penalties.



QRAA Grants – only one month left to apply

Stop Press!

The Minister has announced an extension to 31 January 2012 for applications to be submitted. However, we are encouraging businesses to act now!

Too many businesses have not claimed, or are yet to finalise their claims for the Special Disaster Assistance Grants through QRAA. **All claims must be submitted with QRAA by the 30 September 2011 31 January 2012.**

After the devastating floods last summer, the Queensland Government announced a Special Disaster Assistance Grant of up to \$25,000 for primary producers and small business.

Grants are available from QRAA to assist your small business to pay for costs arising out of direct damage caused by the November and December 2010 flood event in Southern and Central Queensland.

Who is eligible to apply?

To be eligible for the grant you must:

- own (whether as sole owner, in partnership or as a private company) a small business;
- have been engaged in your small business, in the prescribed November 2010 to January 2011 flood disaster

area and have suffered direct damage as a result of the flood event;

- intend to re-establish your small business enterprise;
- be responsible for meeting the costs you are claiming.

Small businesses in the declared areas that have suffered direct damage and who have generated more than 50 per cent of their income from their businesses are eligible to apply.

Financial hardship

If you are unable to pay for clean-up and restoration costs you may be eligible to apply for assistance under financial hardship.

To be eligible for financial hardship you must hold a current low income health care card from Centrelink or provide a certificate (letter) from a suitably qualified person (e.g. accountant or bank manager) stating that paying for costs would put your enterprise in doubt (see guidelines for further information).

Need Help to Apply?

To clarify your eligibility, assistance with financial hardship or simply completing the forms contact Peter Peterson by phone: 4153 2333 or email: ppeterson@bundabergbec.org.au



Cash Flow – the ‘killer’ of many a business

Last month we covered the topic of Business Plans. One aspect of any good Business Plan is the Cash Flow.

Cash Flow is the movement of cash into or out of a business, project, or financial product. (Note that "cash" is used here in the broader sense of the term, where it includes bank deposits.) Cash Flow is usually measured during a specified, finite period of time, for small businesses monthly is a good period.

Cash flow is a generic term used differently depending on the context. It can refer to actual past flows or projected future flows. It can refer to the total of all flows involved or a subset of those flows.

I will focus on *operational cash flows* – meaning: cash received or expended as a result of the company's internal business activities. It includes cash earnings plus changes to working capital. Over the medium term this must be net positive if the company is to

remain solvent.

Small businesses can suffer cash flow problems because of circumstances beyond their control, such as temporary trading downturns or personal circumstances of the business owner.

The best way to make sure there is enough cash available to meet all liabilities is to keep a cash flow budget.

Cash flow budgets are discussed in detail in next month's newsletter.

This Month's Q&A Technology Tip

Q: What does 'backing up' mean?

A: If there is one thing the IT industry can claim credit for, it is abusing the English language. Whilst 'backing up' may refer to reversing a vehicle, in this context we mean to make a copy of files stored on a hard drive (computer).

As I'm sure most of you are only too aware, computers are not infallible and are prone to 'losing' your files, especially the one you have worked on for hours without saving – noting backups won't help you here!

The purpose of 'backing up' is to provide a

second copy of your files, in case your computer fails. You can then copy those files back to your computer after it has been repaired or replaced.

Backups should be done daily, or when the effort to recover from the associated paper trail becomes too arduous.

Backups should also be removed from the location where the computer is. If a fire should burn the building down, it is no point having the second copy of your files in the desk draw – they should be taken off-site each day.

STOCK TURNOVER

The term stock is interchangeable with inventory.

Do you have stock that has been sitting on the shelf for the past six months or more? Are you stocking, or trying to sell what you like best, only to find it not selling?

In next month's newsletter we will discuss the topic of stock turnover ratios and the importance it has to business revenues.

In the mean-time have a good look at what inventory you hold. How long is it, on average, before it sells? Are you selling what the customer wants?

SOFTWARE

e-Record

Are you still using e-Record provided by the ATO? If so, then you should consider changing to an alternate software solution as the ATO no longer supports e-Record.

One alternative for small businesses is Cashflow Manager with a simple tax system using the Cash GST Method and where computerised invoicing and stock control are NOT required.

For more information on suitable alternatives to using e-Record visit:

erecordreplacement.com.au

Note: The shoebox method of record keeping can be very expensive!

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