



THESE BUSINESS HABITS ARE YOUR APPLE A DAY.  
SOURCE: UNSPLASH/ESTUDIO BLOOM

FAST TOOLS

ADD

# New financial year, new me: Healthy business habits to put in place

**AUTHORS**

KYE WHITE

**FINANCE**



ARTICLE



4 MINUTE READ



With the new financial year just around the corner, businesses around Australia are turning their minds to getting their books in order.

It would not be a stretch to say that the last year has been one of the most challenging in decades for those operating small and medium businesses. Living through a once-in-a-lifetime pandemic is stressful enough, and running a business at the same time adds a whole layer of complexity. So perhaps the most important thing to say as tax time rolls around, is be kind to yourself, and remember you are not alone.

And if you're finding the end of the financial year stressful because you've fallen behind on your admin, here are some healthy habits you can put in place to make next year's tax time a little easier.

## Best of Everything from Everywhere

**Free pizza as a workplace revolution substitute, the US retail worker exodus, and a boom for Black-owned businesses**

**John McAfee's obituary, the ex-con hiring manufacturer with a low turnover, and the internet's total energy use**

## Technology can make your life easier

TJ Accounting Consultants co-founder Jolene Elliott says many businesses owners get stressed out by record keeping — but there are plenty of technology solutions that can make organising your finances and capturing invoices simple.

“Once they understand how easy it is and understand what software like Xero can do, they can see the benefit,” Elliott says.

“So if keeping records stresses you out, it’s really easy to fix that with technology.”

Healthy Business Finances founder Stacey Price says once you’ve set up your software, to get the most out of it you need to spend some time in order to understand what it’s capable of.

“There’s never a wrong time to really learn the ins and outs of your accounting software,” she says.

“Really understand what happens when you code transactions, understand what the tax codes mean, understand your reporting.

“Work out how you’re going to store your receipts. And no, a shoebox will still be just as painful in 12 months’ time as it is now.”

## Understand your GST obligations

If you’re not currently registered for GST, the GST threshold doesn’t magically reset to nil on July 1, Price says.

“So understand your sales figure, understand how close you are to needing to register, and always be

**Fake humans testing real data, chocolate makers escape slavery liability, and the Chinese entrepreneurs cashing out**

---

thinking in two to three months in advance as if you do need to register soon, you may need to change pricing and really start to understand managing cash flow.”

## Check in on your finances throughout the year

Key performance indicators will depend on the type of business you run, TJ Accounting Consultants co-founder Theresa Sapatra says.

But it’s also important to be across your liquidity ratio, short-term cash flow, gross profit margin, and net profit margin. Keeping an eye on these metrics throughout the year will allow you to make more informed decisions. Both big and small businesses can be guilty of taking an overly simple approach to finances.

“Nobody really wants to look at the numbers. What they focus on is their bank balance. As long as they have enough money in the bank they’re happy, but there’s more to it than just your bank balance,” Sapatra says.

“Review your debtor days and creditor days, and how many days on average does it take to pay them, will relate to your short-term cashflow.

“If a lot of your bills are seven-to-fourteen-day terms, you might want to make some adjustments. If your invoice (notice) is 30 days, you might want to cut that down to 14, or seven.”

## Examine your revenue streams

Most accounting software gives you the capability to track your transactions, giving business owners a way to understand revenue streams and

related expenses. It's best practice to use this feature, Sapatra says, and in doing so you can become more profitable.

"It will give you a few options that you might want to focus on over the next 12 months," she says.

"You could focus on the revenue stream that is giving you the best profit.

"Or you could look at a revenue stream you're not making much profit on and increase your price, or try to reduce your costs."

That could lead you to cutting an unprofitable revenue stream entirely, Sapatra says.

## **Reduce your expenses**

As you're checking in on your finances, pay particular attention to your expenses, and where possible reduce them. But that doesn't mean cutting quality staff, Sapatra says.

"We call it the power of 1. You can actually improve your net profitability by cutting 1% or 2%, here and there.

"Look at discretionary spending — gifts, travel costs, subscriptions."

If you're finding it difficult to cut down on expenses, then Sapatra says it might be time to consider a price increase. When was the last time you examined your place in the market?

## **Quit mixing business with personal expenses**

If you're still mixing personal expenses with your businesses expenses, now is the time to stop, Price says.

“Open up a separate bank account for your business, and use that solely for business transactions.”

“For every personal transaction you have to deal with, you are creating extra work for yourself — for no real benefit to your business.”

Creating a second account, where you can set aside money for GST will help teach you that it is not your money to spend.

“Keeping it separate means BAS time is far less stressful and the chance of needing a payment plan is drastically reduced,” Price says.

---

## ABOUT THE AUTHORS



### Kye White

Kye began his career at a Fairfax daily on the North-West Coast of Tasmania. He has since taken his belongings, and keen interest in technology, to Melbourne. He has a bachelor of Arts majoring in Political Science from the University of Tasmania and a Graduate Diploma in Journalism from RMIT University.

---

## More for you from PLUS

ADD 

ADD 