

5 Vital Pointers

Helping You

Get The Most From Your Accountant

Plus...

The 85 Questions

YOU should ask an Accountant

A good Accountant will help both your business and your personal finances to stay on the right track!

A FREE Consumer Awareness Guide

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This free Consumer Awareness Guide has been compiled to help you prepare yourself when seeking the advice of an accountant, or indeed to evaluate the services you are presently receiving.

The list of questions is by no means exhaustive and many more could be included, however it is hoped that this guide will provide a useful bench-mark in your business preparations.

5 Keys Points that can save you Money

Business Structure	16 Questions
Business Finance	13 Questions
Business Administration	56 Questions

5 Keys Points that can save you Money

Key Point. 1 – Keep to What you know and Delegate the Rest

You don't have to be an expert in every aspect of your business. Delegate specialist tasks to others who are experts in that particular field as opposed to trying to become expert yourself.

The cost of hiring an expert could be considerably less than the cost of trying to cut corners yourself. Focus on your areas of expertise and hire others who are expert in their fields, in such a way that profit may be the result.

Key Point. 2 – Focus on the Issues at Hand

Before meeting with an accountant or indeed any professional, it is worth getting an overview of your requirements and their expertise, and how such a relationship may benefit your business.

Such an overview will help you determine a set of realistic goals and expectations surrounding their proposed involvement. In addition, this will also help you to ask relevant and educated questions and better help you understand and act on any advice.

Key Point. 3 – Getting the most out of FREE Consultations

Many accountants and other professionals offer free consultations as a way to promote and gain new business. In order to maximise your free consultation, you may have a specific issue that you need resolving.

Why not consider forwarding a summary of your business situation; setting out some of the issues that you feel you need assistance in.

Your chosen accountant or other professional will therefore have had enough time and supporting information to apply serious thought to your particular question and or situation. As a result, your 'free consultation' will likely provide you with a real benefit. It will also help you determine whether or not the accountant or professional properly understands the issues affecting your particular business.

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Key Point. 4 – Time is Money – Get Organised!

Time is money; whether you are in business, an accountant, solicitor or other professional undertaking, the less you use, the less it costs.

The key issue therefore, is to use less of their time (and indeed yours) by proper preparation, i.e. effective organisation.

Prepare a list of discussion points ready for the meeting; you can provide this list in advance so that they too are properly prepared. It's also a good idea to ask them prior to the meeting, what information they require of you.

Advanced preparation and attention to detail reduces time wasting and lowers the costs both to you and on your business. Such preparation also places you in a very strong position to negotiate a lower fee.

Key Point. 5 – Two Heads are Better than One

Whilst the nature of the entrepreneurial spirit may result in the requirement to make quick decisions, often to the detriment of considering any negative longer term consequences; a short conversation with your accountant may cost far less than any problems that might arise from such potentially ill-considered actions.

A brief conversation or meeting with your accountant may cost a little, however, such an investment may become insignificant in relation to the costs of solving a problem or missing an opportunity.

Bearing these key factors in mind, here are

Accountants we are involved in more than preparing financial statements and tax returns – They can provide assistance on everything from estate planning to business financing.

They should not be viewed as just another outside professional; choosing the right accountant for your business or family affairs could make a very significant difference in many ways.

So bearing in mind, the likely impact that an accountant may have on your financial future it is useful to be prepared and to consider what you are looking for.

Properly considered questions could save you time and money in the future, so with this in mind we have prepared a list of questions that you should think about asking when selecting an accountant to act for you.

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Business Structure

1. Which business structure is most appropriate for my circumstances – a company, trust, partnership or sole trader, and what are the advantages and disadvantages?
2. With regard to cash-flow and payment processing, what sort of controls should I have in place to prevent employees from misusing company funds?
3. How can I protect myself and or my business against fraud or other unauthorised use of funds? What about control in relation to internet banking and how would that work in practice?
4. In relation to my limited company, should I have a board of directors?
5. What kind of people should I ask to join my board of directors? How often should I hold board meetings and how should they be structured?
6. Would it be advantageous for me to have in place a buy-sell agreement with my partners and or shareholders? If so, should such an agreement be covered with life insurance policy?
7. How can I tell if my business insurance is adequate in terms of losses covered and amounts of coverage?
8. Can I insure for loss of profits in the event that my business premises burn down?
9. When buying business insurance is it best to work with a broker representing various carriers or should I go direct to the insurance companies?
10. How should I prepare cash flow statements and how exactly can I use them as business management tools?
11. In the event that I need larger business premises, how should I acquire the space? Is it more advantageous to purchase outright or to enter into a lease agreement?
12. If I opt for a lease, what kind of term would best suite and are there any other questions that I should when I negotiating a lease?
13. In relation to purchasing a commercial property, would it be beneficial to put it in my name, my partner's name, children's name or my company's name?
14. In relation to purchasing premises, is a self-managed super fund an option worth considering? In either case, what are there advantages and disadvantages of either approach?

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15. If I die, how can I establish a succession plan that ensures continuity in my business?
16. With regard to running a family business, are there any guidelines for employing, promoting and removing family members?

Business Finance

1. In the event that I require a business loan, what kinds of information should I include in the supporting business plan I present to the bankers, and how should this information be presented?
2. In relation to debt and equity financing, what are the key differences and which would you consider is better for my company?
3. As far as company debt is concerned, how can I tell if my company has reached the limit of its borrowing capacity, and are there any guidelines concerning whether or not my company could adequately cope with additional debt?
4. Can you tell me exactly what is “asset-based financing” is, and what could I borrow against my asset base?
5. If asset based financing is available, would it be possible to link such financing terms to the useful life of the asset being financed?
6. Can you tell me what “inventory funding” is and what benefits could it provide for my business?
7. If I decide to sell part of my business off, could I do so without losing control?
8. In relation to factoring, how does it work in practice? Would you consider it to be a suitable way in which to raise capital for my business, and which companies would you recommend who offer such arrangements. What are the advantages and disadvantages of factoring overall?
9. What is the difference between a loan and a line of credit, and when would it be commercially appropriate to obtain a line of credit?
10. Is my business appropriately geared for a venture capital investment?
11. Can you explain when is it a good time to re-finance a commercial loan in order to trade down in interest rates?
12. When my business is reviewed by my bankers, what kinds of questions or comments can I expect with regard to my company's financial ratios and percentages as part of the overall borrowing process?

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13. As far as borrowing capital is concerned, is it appropriate to keep all my loans with the same bank or should I create relationships with several banks?

Business Administration

1. In relation to computers and software, should I implement a general accounting package or am I better off looking for an industry specific system to better suit my business? What are the benefits and drawbacks of each?
2. Which accounting software do you recommend and to what extent would using such an accounting system help reduce my accounting fees?
3. From a profit and business growth and sustainability perspective, am I pricing my products and services correctly?
4. Which financial indicators of my company's performance should I be tracking weekly, monthly, annually?
5. As far as business comparisons are concerned, how do my financial ratios and percentages compare with the averages of other businesses in my industry?
6. Exactly how do I calculate the actual cost of producing my products and or services?
7. At which point would a business require a full-time financial controller? What type of background should she or he have, and can you suggest guidelines for hiring the most appropriate candidate?
8. With regard to an audit, as a privately held business, when and why would I need to carry out one?
9. Can you explain the difference between an audit, and a review?
10. Can you help me with a professional valuation to determine exactly how much is my business is actually worth?
11. Can you explain exactly how I can maximise the income from interest from my business bank accounts?
12. In relation to compensating balances, can you explain whether I should I have large compensating balances in the bank, or would I be better off paying increased banking fees and reducing my compensating balances?
13. How exactly can I calculate my actual business breakeven point and can you explain why this is critical? Is there any way that I can lower this breakeven point?

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14. Can you tell me what are the best ways to reduce my company's overall operating costs?
15. As far as accounting is concerned, which method would you consider most appropriate for my business be on, the accrual or cash basis and can you explain why?
16. Can you explain both the benefits and draw-backs of valuing my business inventory? Which method of inventory valuation would be the most appropriate in my case?
17. What are the most effective ways to finance business inventory, and when should I consider these options as opposed to straight cash purchase?
18. Do you think I need a credit policy? What should it cover and how do I set it up? What is "retention of title"?
19. Do you know of any ways in which I can speed-up the collection of receivables? Would you consider it appropriate to offer extra discounts in order to illicit prompt payments?
20. What guidelines would you put in place to determine when a receivable should be considered as a bad debt, and in such circumstances, would you consider it worth taking the customer to court?
21. Can you advise me at what point should I cut off any slow paying customers from receiving any additional credit purchases?
22. Are there any methods of maintaining marginal-credit accounts without accepting any undue risk of non- payment?
23. How long am I required to keep business records such as invoices for, and which methods do you consider best for the retention of business records?
24. Should circumstances dictate, when would it be appropriate to enter into voluntary liquidation and what exactly would be the advantages and disadvantages of opting for such a course of action?
25. What are my responsibilities in withholding and paying over employee withholding taxes? What is my personal liability if I fail to comply with the law?
26. Can you explain at what point in law does an independent contractor become an employee?
27. What are my responsibilities in relation to collecting and paying taxes, and which types of transactions exempt from these requirements?
28. If I receive a request to undergo a tax enquiry, what action should I take and what are my rights?

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29. Can you explain exactly what taxation implications are there for me should I decide to sell my business?
30. As far as asset depreciation is concerned; how exactly, do I determine the depreciation value of such assets that I intend to purchase during this financial year?
31. If I intend to scrap obsolete or non-saleable inventory, what type of records do I need to keep?
32. If I work from home, can I claim a home office as a legitimate business expense?
33. Should there be some form of agreement if I have loan accounts between my company and family members?
34. In the event that I own a non-trading company, can this be easily wound-up?
35. In relation to income tax, what strategies can I use to defer payment if any?
36. The Inland Revenue have requested a review of my taxes, do I have to attend in person or can I nominate my accountant to act on my behalf?
37. Can you explain what is meant by “salary sacrifice” and how could it be beneficial to my employees and my company?
38. Can you explain how could I introduce a performance measurement system for my staff?
39. Can you describe any tax efficient way that I can reward my key employees?
40. What employee records do I need to keep and for how long?
41. In relation to company shares, could my business buy back shares from me, and what if any benefits would this provide?
42. Could I reduce operating costs by out-sourcing various portions of work and what are the likely advantages and disadvantages?
43. What types of salary packaging options are available to my business and what are the fringe benefits and any tax implications of such?
44. What benefits do “novated leases” have for my business?
45. What are the advantages and disadvantages of hiring a trainee or apprentice, and what costs of doing so would I be exposing my business to?
46. What personal records am I obliged to keep, and where should I keep them?

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47. Can you explain which is the best way to allocate assets for maximum tax efficiency?
48. Is borrowing to invest a good strategy? Can I borrow using my home as security and invest in shares, and is this a wise option to take?
49. In so far as trusts are concerned, would you advise that I set up a trust to accumulate funds for my children's education, and what types of trusts are available?
50. Are there any tax benefits to be achieved by moving income for the benefit of my children, and are any such payments treated as gifts or as income?
51. Is it possible to split my income with my spouse to reduce my taxation liability?
52. What advice can you give me in to locating a top investment advisor?
53. Can you explain if there are there any other ways apart from my last will and testament, that I can transfer assets upon my death?
54. Which in your opinion would be the best source of money: home equity loans, finance companies, or credit cards, If I need to borrow additional money for personal use?
55. What factors do I need to consider should I intend to buy and sell my own home to build wealth?
56. In the interests of reducing costs, If I include my life insurance as part of a superannuation plan, is it possible to get a better deal?

If you need help to stay on the right track, with either your business accounting, call us: **(08) 8379 5555**

We are experts in providing strategies to help your business improve its efficiency and profitability. **We can also show you how to reduce the burden of taxes** on your business and family.

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