

Its not rocket
science that
smarter questions
lead to the best
answers.

25 Questions to Ask Your Accountant

For small business owners, the services of an accountant can be of significant importance.

As accountants we are involved in more than preparing financial statements and tax returns – we can provide assistance on everything from estate planning to business financing. In most cases, accountants are just another outside professional; at HW One we position ourselves as a trusted advisor – and an integral part of the business family.

Ideally, the client/accountant relationship provides for ongoing advice, often prompted by your questions about ways to improve the company's finances and operations.

Well thought out questions by clients also helps to ensure that together, we will prevent or solve major problems and take advantage of emerging opportunities for you and your business.

What kind of questions can clients ask their accountants?

The following guide is designed to be a thought provoker that you may care to review and use as a starting point.

General Management

- What business structure is most appropriate for my circumstances - a company, trust, partnership or proprietorship? What are the relative advantages and disadvantages?
- Should I have a buy-sell agreement with my partners/ shareholders? Should the agreement be funded with life insurance?
- How do I prepare cash flow statements and how do I use them as management tools?
- If I buy a commercial property should I put it in my name, my spouse's name, my children's name or my company's name? Is a self-managed super fund purchase an option? What are the relative advantages and drawbacks of each approach?
- How can I establish a succession plan that ensures continuity in my business when I retire or die?

Financing Your Business

- I am in the market for a bank loan. What kinds of information should be included in the business plan I present to the bankers? How should this information be presented?
- How can I tell if my company has reached the limit of its borrowing capacity? Can I comfortably handle additional debt?
- How does factoring work? Is this a suitable way to raise money for my business? Who offers these arrangements?
- What kinds of questions and/or comments can I expect from bankers when they review my company's financial ratios and percentages as part of the borrowing process?
- What do my bankers expect from me in terms of financial reports? How can I maintain professional and productive relationships with them?

Accounting Issues

- Which indicators of my company's financial performance should I be tracking weekly, monthly, annually? Should I calculate these key indicators, or should I ask my accountant to do it?
- How do I calculate the real cost of producing my products and/or services?
- How do I determine my breakeven point? Why is this critical? What steps can I take to lower the breakeven point?
- What are the most effective ways to finance inventory? When should I consider these options as opposed to straight cash purchase?
- How can I speed-up the collection of receivables? Should I offer extra discounts for prompt payments?

Business Tax Planning

- When does an independent contractor become an employee?
- If I get a request for a tax audit what should I do? What rights do I have?
- What taxation implications are there for me when I go to sell my business?
- Can I claim a home office as a legitimate business expense?
- What strategies can I use to defer my income tax?

Personal Wealth Creation

- What is the best way to structure asset holdings for maximum tax efficiency and asset protection?
- Is borrowing to invest a good strategy? Can I borrow using my home as security and invest in shares?
- Should I set up a trust to accumulate funds for my children's education? What types of trusts are available? What are the pros and cons of each?
- Are there other ways that I can transfer assets at my death other than by will?
- Are there any benefits to contributing personally to a superannuation plan? Is age an issue?

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