

THE
FINANCIAL
EDITION

GROWTH KIT FOR

Entrepreneurs

Crafted by Jasper Basson



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Foreword

I have been privileged to serve small business owners for the last two decades. Fifteen of those years were in my accounting practice, Dryk Holdings. During this time, I was also an entrepreneur involved in various businesses.

In this eBook, I aim to provide you with a glimpse of the financial tips, tactics, and lessons over the last two decades. Some that worked well for myself and some that I learned from the amazing entrepreneurs I am fortunate to be surrounded with.

Some through hard lessons I had to undergo that molded my thinking and belief system.

I am not a registered financial advisor and merely provide principles that work for me.

You don't know what you don't know.

I realise this in the pre-booking meetings I have with our monthly accounting clients that find unthinkable value from our pre-booking meeting system.

I trust this eBook will provide you with tremendous value that you can implement in your financial journey as an entrepreneur.

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01 | MANAGING BUSINESS AND PERSONAL FINANCES

Over the last 2 decades that I have been serving small business owners. The most common mistake made by entrepreneurs, is running personal expenses through their business bank accounts. When we swipe our business debit or credit card daily or weekly for our personal expenses, we will NEVER grow the capital in our business.

Stop seeing the business account as your own personal budget account. Work out a proper business – and personal budget to understand the income and expenses of both. From here allocate a monthly salary for you and stick to this. Include the monthly PAYE to be paid in here, to make sure you won't have shortfall on tax at year-end.

The biggest reason most people's net asset value never grow, is because as their income grow, they increase their lifestyle.

Now I know how you will respond to this. Yes, I heard this over and over in the last two decades.

I can't, suddenly, pay myself a salary at month end. My personal budget won't make it to month-end, because I have been living off my business account. How do I transition to this?

If you have been making daily drawings from the business bank account, it will be difficult to start immediately with a monthly salary payment. Start by putting yourself on the weekly payroll, then progress to a fortnightly payroll, and slowly build yourself to a monthly salary. The faster you get to a monthly salary, the faster you can start planning your budget more efficiently.

**Why does it matter how I take my salary?
All this is my money after all.**

The ONLY way to increase the capital in a business is to LEAVE the business funds alone or to REINVEST it into the business. Reinvest into the business may have various coats, but all of it will build capital in the business.

Why is building up capital important? It grows wealth. It creates new opportunities. You will have access to funds when an amazing opportunity has been identified.

My business income fluctuates too much, with some months having a huge turnover and other months almost nothing.

When we follow the two ideas above, this become less and less of a problem. When we stick to our salary in the good profit months, we build up reserves for the quite months to still be able to pay over the salary.

➔ Action plan to implement:

- ➔ Open a separate personal bank account. Even if you are a sole proprietor. This account will be used for all personal debit orders and to receive the salary from the business.
- ➔ Prepare a monthly budget of all personal and business expenses. How will I start paying myself every month? Weekly, fortnightly, or monthly? What is the PAYE component pay over to SARS monthly?
- ➔ How will I allocate or invest the surplus funds from the business?

02 | HOW TO DO MY PERSONAL AND BUSINESS BUDGET

Budget and investments for each account will have to be done on personal preference and specific situation.

Invest in what you enjoy and ignore the avenues that you don't.

Personally, I hate retirement annuities and prefer to invest in my home loans. I don't invest in saving plans but rather utilize closely watched shares as a savings vehicle.

Some might like this strategy, others won't.

Some might like playing with Crypto – the new buzz word.

The answer is, CONSISTENCY. Whatever you choose as your investment strategy, be consistent in allocating funds every month.

Pay yourself first. No, this doesn't mean don't pay your creditors, and only pay yourself. It doesn't say we must be reckless with finances.

Pay yourself first, means that you will allocate monthly funds to your investment of choice. When you receive your weekly, fortnightly or monthly salary, fund your investment first.

A ratio that worked well for me over time is the following:

Allocate **30%** of my monthly personal income **to investments**.

20% to home loans. I like to use a specific home loan because it keeps me focused and motivated.

10% to more risky opportunities. Something like closely watched shares, a new business venture, Crypto or NFTs if that works for you.

THE VALUE IS IN DOING THIS. TAKE THE ACTION. PAY YOURSELF FIRST.

➔ Action plan to implement

- ➔ Overview your personal budget. How will you pay yourself first? In what do you want to invest, that you enjoy?
- ➔ Once you have this answer, setup a stop order on your internet banking app, to AUTOMATICALLY send the allocated funds to your investment of choice. Make sure this happens on the same day as you planned your weekly, fortnightly, or monthly salary.



03 | DEBTORS' MANAGEMENT

One of the biggest reasons entrepreneurs fail, is the accounts receivable or debtors of the business that are poorly managed. You can be the best salesman in the world, but if you don't manage this, the business will fall apart.

An outstanding account beyond 90 days become very hard to collect. Now I understand, not all businesses are the same. I truly get that, but you still need to install certain protocols for you and the rest of your team.

I love giving this example, as it provides a good idea of where I am heading with this.

In one of our previous homes, a decorative cement flooring company done a number of areas in the house. In their quotation they were very strict on the payment terms:

- **50%** before they commence.
- **40%** before a certain period of the work.
- **10%** at the end, before the final day when they lay the final coating.

Now. Without the final coating, the floor is useless.

They made sure they installed protocols for their entire team, to ensure payment UP TO THE END of the project.

Their entire team stuck to these protocols. They didn't care if they felt they can't trust us. They only cared about ensuring full and final payment.

Yes, people do business with people they trust. This still doesn't validate a reason NOT TO FOLLOW protocols.

In all the business I'm involved with, whether the accounting practice or other entrepreneurial ventures, we have strict payment terms.

Any new clients, pay upfront. 100%. If someone don't agree with the terms, they don't have to use us.

Our monthly accounting clients on retainer receives their monthly invoice and is payable on current terms.

In the beginning of my journey my farther in-law taught me one lesson I will never forget: if someone doesn't pay you, you could have spent that time drinking coffee with your wife and spent time with your kids.

THIS IS SO TRUE; TIME IS SO VALUABLE. SPEND IT WELL ON CLIENTS WILLING TO PAY FOR YOUR VALUE.

➔ *Action plan to implement:*

- ➔ What is your current status of your accounts receivables?
- ➔ Are you able to provide me with a list of outstanding accounts readily available?
If not, this would be the very first action step. Make sure you speak to your accountant to assist you to implement a proper accounting system to assist with this process.
- ➔ What are your current protocols?
How will you better these terms to ensure payment every time?
In case of clients that you do decide to work on terms, implement proper agreements that work in conjunction with credit insurance.

04 | SUCCESSFUL BOND APPLICATION

A successful bond application for an entrepreneur begins with a 3-year planning process.

Why?

If you are self-employed the banks will seldom approve a home loan application without a 3-year track record of the business. Preparation is key!

How do I build a track record with the bank?

- By making sure my debit orders successfully go off my bank account.
- I pay my credit obligations on time.
- Make sure most of my income is running through my bank account to build up a strong credit score rating with the bank. The bank only believe what they can see!
- Structuring my payments from my businesses to my personal bank account, to clearly show my monthly drawings.
- By declaring my income correctly on my income tax return. The bank will want to see your income tax assessments. The amounts declared must match with my financial statements compiled with the banks. The successful entrepreneurs I know understand that they need to pay tax to build capital. Of course, they want to minimize as far as possible, but not to the detriment of building up their capital.

Now that I am prepared to start the application process with the bank, what will I need?

- The last 3 years financial statements as submitted to SARS. For your businesses and personal. Management statements are needed if the application date is not close to a financial year-end.

- The last 3 years income tax assessments for all entities and individuals.
- Last 6 months verified bank statements of all accounts.
- Letter of income from your accountant, confirming your income and potentially expenses paid by connected businesses. We generally include the last 6 months' pay slips with the application.
- Shareholding of all entities, including an organigram of the group structure.
- FICA of individuals, including marriage certificate.
- Founding documents of the Company and/or Trust.

Pro tip:

Prepare all your information and send one neat pack to the bond originator. Make their life as easy as possible, and make sure their perception of you is professional.

Action plan to implement:

- Arrange a meeting with your accountant, to make sure you are preparing for a future home loan application. Fail to plan and you will be planning to fail.
- Discuss how you can optimally setup your finances for a successful future, home loan application.

05 | VAT PAYMENTS MANAGEMENT

The reason most companies liquidate, is for no other reason than outstanding VAT to SARS. If you read this and are one of them, understand that you are not alone. The biggest problem is, when you skip one VAT period, the snowball starts to escalate extremely fast. The following two-month VAT period, your VAT amount is 30% of the income (2 times the 15% of one period).

However, there are ways to manage this in the future.

There is an effective way of managing our VAT recovered from clients, to ensure you never fall in this trap.

Open a call account, linked to the business bank account, to start managing the VAT on income received. On a weekly basis pay the 15% received on payments from clients to this newly created call account. Our clients that follow this method, found that they have massive surplus in their call account within **ONLY ONE YEAR**. One of my clients paid off his whole bond within a few years, making use of this method.

This is mainly because you still have expenses that you may recover VAT on, but you transferred full 15% from the payments of clients into the call account.

Now, you may only want to make sure you have enough in the call account to ensure you can make the VAT payment every two months. You can calculate your net VAT percentage after vat-able expenses has been deducted, and merely deduct that calculated percentage from the income received weekly.

I would suggest arranging a meeting with your accountant to assist you with this calculation if needed.



➔ Action plan to implement:

- ➔ Open a call account linked to the business today. This can be done from banking apps of most banks. Otherwise speak to your business banker.
- ➔ Meet with your accountant to calculate the correct percentage to deduct weekly.
- ➔ Create a reminder to do the weekly VAT payment on all income received for the week.



PASSIVE INCOME

GO

06 | PASSIVE LEG OF BUSINESS INCOME

Almost every business can have a passive income stream available to implement. Passive income legs of the business create a continuous business income, that doesn't require another sale. Income that you receive whether you are involved or not. Your exciting challenge is to find these opportunities in your current businesses.

Don't ignore this. This is how the wealthy acquire assets. Monthly passive income that repays the assets monthly. Instead of wondering how you can afford something, wonder how something can make you money. Assets in return provide further passive income.

Several ideas that worked for me over the years:

- Monthly recurring service fee or maintenance contract. This way the client can budget for the expense, and your company receive a steady monthly income.
- Monthly or frequent recurring income from referral commission. This option has various forms and ways to explore. Form joint partner agreements or sign up as an affiliate of the specific company.
- Monthly, quarterly, or annual profit share as a silent partner of a business. The value you add can depend on your specific skill.

➡ Action plan to implement:

- Take time away from your daily work and start journaling about your current streams of income and your current business associates.
- What can you do additional and with whom?
- What possibilities in your industry are there to implement passive income streams?

07 | RAISE MONEY TO FUND MY NEW BUSINESS IDEA

One of the questions I receive the most from startup entrepreneurs is, how do I raise money to fund my idea or new business. My default answer is, DON'T!

Not because I don't believe in them. I believe in them. I believe in you. I also believe in reality.

Here are the stats. According to research 20% of businesses fail within the first year, 30% in the second and a terrible 50% in the fifth year.

Most entrepreneurs are in debt or worse, their business is liquidated, and they sequestered. A lot of them wanted to grow too fast. They did not want to grow slow and organic. Organic growth provides time to adjust mistakes we make in business. It provides the opportunity to maximize on lessons learned. Growing slowly provides yourself time to prove to yourself that this new business idea will work in the market. That people will actually buy your product or use your service. Building a track record over time is a valued tool to use for future fund raising. It will show potential future investors that the business is sustainable, and the market is ready and accepting the product or service.

Is funding wrong? Not at all.

It merely needs to be implemented at the correct time when your business is ready to scale. At the time when the business proved itself without any funding and to assist it to jump into a new level of trading.

WORK TOWARDS FUNDING, NOT FROM IT.

➔ Action plan to implement:

- ➔ How can I start my business with the least overheads?
- ➔ How can I start selling my products or services without needing funding to do so?
- ➔ What strategies can I implement to limit the amount of financing I need to operate my business?
- ➔ Who have done this, and will be willing to mentor me through this process?





08 | HACKS BEFORE BRINGING ON INVESTORS OR GROWTH FINANCE

Some recently asked me on my YouTube channel, Jasper Basson, about hacks before bringing on investors or growth finance.

When working towards scaling a business, the entrepreneur needs to be conscious about the behaviors in the business. In a few years a potential investor will assess you (the entrepreneur) and your business.

An investor doesn't merely buy into your product or service, but into you. Into your personal brand. They want to be sure that they can work with the newly partnered entrepreneur.

I always mention that your business results will never be any bigger than your personal growth and development. Your biggest investment starts with personal development. It's a continuous process of becoming a better version of my own yesterday.

They will also buy into the financial track record of the business. Optimize the value of the business by reflecting the entire business on the financial statements. It is very tempting to deflate financial statements every year for the taxman, but by doing this we undervalue our businesses. Investors and

financial institutions ONLY BELIEVE what they can see. By reflecting the true version of the business transaction, you increase the valuation of your business.

Whether you want to expand the business, scale it into a new dimension or sell it, the business financial statements will be the cornerstone of this. Make it attractive to potential sellers or investors.

An investor won't get involved in business with financial affairs in havoc.

➔ *Action plan to implement:*

- ➔ Make a list of 5 leadership – and business-related books to read. Ask a mentor for a few ideas. Make this a daily habit. (Become the person the investor will be attracted to)
- ➔ Implement a proper accounting system to record all transactions and be able to generate financial reports to monitor the growth of the business. Speak to your accountant to work closely together for the best results.

09 | HOW TO HANDLE CREDITORS IN A BUSINESS

Most businesses go through a difficult cash flow period. Nothing to be ashamed of. Important though, make sure to communicate. In my two decades of working with small business owners it happened repeatedly that a debtor becomes dead silent when owing our company fees. The worst thing someone can do in this situation is "hide". They normally become unreachable. No e-mail replies. No phone call returns. No WhatsApp reading nor replies.

My suggestion will always be the same:

When you do owe someone money, communicate BEFORE that person need to start "chasing". Prepare a repayment plan of some sort and lay it in front of the creditor. Most creditors are reasonable if you do communicate properly and early. I know I do.

By staying away or go cold turkey quiet, will aggravate the situation and won't leave a lot of room for negotiation.

I also understand, that in many cases you merely can't make payment. It is just a terrible period in your business, and it's just not possible. It is still not the end of the world.

Bartering is one of the best ways to settle with a creditor. Again, do this early. Do this first.

Find a way to add value to the creditor. What can you offer that company, that will be beneficial to them? Money is only one method. It will cost you a lot less than to fight with a creditor. It will also buy goodwill with the supplier. Don't burn bridges, right?

Any of the above still not possible?

Evaluate if you can settle with goods or assets. We all have items that we don't use anymore. Why not use that to save the day.

➔ *Action plan to implement:*

- ➔ Evaluate the situation and prepare an action plan on how and what you will present to the creditor.
- ➔ Can you repay?
- ➔ Would the creditor potentially accept an offer as settlement?
- ➔ Can you barter with your services or goods?
- ➔ Do you have any loose assets to potentially settle with the client?
- ➔ Commit to proper communication.

IN THE END. IT ALL BOILS DOWN TO COMMUNICATION. COMMUNICATION SAVED MANY FIGHTS. COMMUNICATION PREVENTED MANY BUSINESSES TO GO DOWN UNDER.



10 | PEOPLE ALWAYS HAVE MONEY

People always have money; they merely choose what to buy.

Even in difficult times, like a recession, people have money. Maybe not as much as they used to have.

Most people merely need enough motivation to purchase something or use your services.

It's up to you, as a business owner, to provide a value-added service or product offering they cannot resist. I live by my motto:

I ONLY WIN WHEN BOTH OF US WIN.

When I make sure you receive an amazing service, a solution to your problem or products that wow, the client will win and so will you.

We live in a society where most business owners look for a quick buck. They don't truly care about the client. It's more about the sale than about the experience of the client.

Make the offering as attractive as possible. Become a merchant of WOW. Ensure that both parties feel like a winner once the deal is done. Leave the customer better than you found him/her.

➔ *Action plan to implement:*

- ➔ Consider the current offering. Is this a win for both parties? Truly.
- ➔ If yes. Great!
- ➔ If not, what can I improve to add a lot more value? What can I do to wow my client, and let him/her then feel like and be a winner?

11 | GROWING CAPITAL WITHOUT CAPITAL

I'm not a registered financial advisor, I merely provide information what has worked for me, and also seen results with clients.

You don't necessarily need capital to start investing. The information in this chapter won't require you to use ANY of your OWN capital.

Some may not be applicable to you but may assist you to be creative with your current financial affairs.

Bond

Paying off your bond faster, provides additional capital that can be used for future investments or merely enjoy a bond free home. There is a way to repay your bond faster, without adding additional funds to the bond.

The banks work out the interest on bonds daily. This means that if I'm paying more into my bond early in the month, I am saving interest on it. Saying this, start paying your FULL salary into your bond as you receive it monthly. By putting my full salary into my bond in the beginning of the month, I'm saving interest. This is due to the interest that is worked out per day, and the outstanding amount will be less than later in the month. Doing this monthly will shave years from your bond.

VERY IMPORTANT. MAKE SURE YOU HAVE AN ACCESS BOND.

Meaning the extra money added into your bond will be available again to be transferred out.

You will thus use funds when you need it during the month but will still save interest on the outstanding bond amount by doing the above.

Shares

The rewards program from Standard Bank, U-count, offers the option to convert your points earned to their investment's accounts. This includes a tax free saving accounts, as well as shared portfolios.

I use my U-count reward points to convert to my Auto Share investment account. If you haven't started any form of investment yet, this is an easy way to start investing. Together with this, you can start adding a portion of your monthly allocated funds to this account.

SARS refund

Many employees receive a refund from SARS annually. This will be mainly because of claims from medical aid, retirement annuity (RA), travel claims, home office expenses or commission earners who claim relevant expenses. Why not use this refund to invest. Most people use this to buy things they don't need. By using the annual SARS refund, you will be able to boost your investments tremendously every year.

Let's use your RA, if you have one, as an example. I'm not necessarily a fan of an RA, but it has its place for some people. You may claim 27.50% of your taxable income as deduction (up to a maximum of R 350,000 per annum). In most cases, this will be your total contribution for the year.



If your effective tax rate for the year is 25%, you will receive that portion of the total RA contributions back in a SARS tax refund. Thus, if you keep investing your SARS refund back into your RA, you effectively make an additional 25% growth on your RA per annum. Just another angle to look at your RA.

I would use this SARS refund, and rather invest it in my own share portfolio. The upside can just be so much bigger with that. There I can focus on specific shares that interest me.

Life policy payback

I'm with Discovery Life for my life policies. With them you receive a payback every four years as a no-claim bonus. Look into your own insurance policies if this is relevant to you as well.

The payouts are tax free on receipt thereof, and an amazing opportunity to reinvest. Every four years your bond can be paid off further, or you can boost your investment of choice.

If you have any other ideas that worked for you, please send a message on any of my social media channels. I'd love to learn from your creative ideas as well.

➔ Action plan to implement:

- ➔ What of the above mentioned ideas are relevant to you to implement?
- ➔ Create an action plan. Make sure the plan can be executed when it needs to be.
- ➔ If we fail to plan, we will plan to fail.
- ➔ Plan ahead by writing down your financial goals. *"Clarity breeds Mastery."* – Robin Sharma
- ➔ The action that you write down and affirm, will be the action that will happen.

12 | YOUR ACCOUNTANT IS A WEALTH OF KNOWLEDGE AND CONNECTIONS

In a recent interview, the interviewer asked me about the value of an outsourced accountant. There are a lot of reasons to do this, but I want to focus on two specific ideas.

1. Your accountant should not merely be your accountant.

Your accountant is a vested partner in your business. Your accountant has a wealth of knowledge, and many connections. In our practice we do pre-bookings for clients with me, for the year ahead. By doing this I know I get to spend dedicated time monthly or quarterly with the entrepreneur or small business owner. This meeting means different things for different clients. Different strokes for different blokes, but it all comes back to the same idea.

- Spending time with influence.
- Spending time in brainstorming your business or new ideas or ventures.
- Reflecting on the historic financial figures.
- Discussing potential changes to the current business structure.
- The list goes on and on.
- The important part is, make this happen create the opportunity to explore and reflect.

2. Many good businesses failed because of administration.

In business you need a few very important factors, and it begins with strong sales and end with proper administration. Without sales you won't have a business. Without keeping the administration in place, you will lose the business. I have seen many businesses fail, merely because the owner could not care less about his administration and compliance.

Letting of the administration for even just one month, will create chaos later.

→ Action plan to implement:

- Reach out to your accountant to arrange pre-scheduled meetings. The things that are scheduled are the things that will get done.
- Do the same with your attorney, media consultant or other relevant outsourcers.
- If you recently started or haven't reach out to an accountant yet, you may have outstanding compliance issues. Ask your accountant to do a financial health check for you with SARS and CIPC, and any other administrative advice.

13 | AUDIT YOUR STREAMS OF INCOME

Audit your streams of income regularly to make sure it still makes a profit.

A client complaint that he doesn't make money anymore and reached out to me to assist him with his worry. After testing several things, I started pulling his various stream of income and even his teams apart. I allocated the expenses of each income stream together with the related income (as far as possible), and results indicated very clearly what the issue was.

Some of his lines of work made a massive profit, which directly went into funding numerous lines of work that made a loss. Thus, he used all his profit to fund projects that he shouldn't do.

The next logical step would be to close those lines, but many times an entrepreneur becomes emotionally attached to an idea, business, or commodity. And that is when they lose.

Audit the streams of income regularly and adjust. Quickly.

A lot of times we want to keep things alive that should have been long gone, but our egos resist, and we are afraid of change. We are all human. This is a subconscious behaviour to adapt. It must become a way of operating.

Closing down one stream of income or one part of the business, will make place for something else. Something beautiful. Something that is waiting for you that your mind can't foresee.

How do I audit these streams of income? It's important to make sure that you have accurate accounting records. A system that you can easily pull various reports to assist you with making sense of everything. I prefer having every stream of income in various companies, as it very quickly reflects if a project or stream of income is running on a profit or loss. Separate companies also ease

the process of joint ventures with various partners. You don't necessarily have to do this. You can keep everything under one roof (one company) but setting up more detailed accounts to be able to pull various profit – and loss statements in one set of books.

Deconstruct the expenses in much detail as possible to allocate to the various income streams or projects. Group cost of sales (if applicable), employees, vehicle expenses (including the liabilities), insurance, etc. The more detail the better for this.

The answer at the end might surprise you or it might confirm the facts that are already suspected.

This is a good exercise to do frequently, even when you currently make a healthy profit. It's during summer times in business that neglect the small things that is important.

➔ *Action plan to implement:*

- ➔ If the business doesn't operate on a proper live accounting program yet, this will be the first important step. There is various amazing cloud-based accounting software available. Sage One Accounting, Xero, Quickbooks, Paladium and more. We prefer Sage One Accounting.
- ➔ The next step is to work towards a process of creating detailed accounts that will be able to provide you with better financial reports.
- ➔ The last step would be to analyse the findings and make adjustments as quickly as possible.
- ➔ Ask your accountant to assist you with this process, as it might get overwhelming at first.

14 | HOW TO START REPAYING MY CURRENT DEBT

It's important to first understand the difference between good and bad debt as well as the value of good debt.

Not all debt is bad.

BUYING SHINY TOYS ON LOANS, IS BAD DEBT. IT'S FUN, BUT BAD DEBT.

Investing in a growing and income producing business or asset, is good debt. The interest portion from this debt can be written off for tax purposes. The income and most probably the asset will grow with inflation every year. This will grow your monthly passive income as well as your capital (pension).

For this chapter, I want to focus on bad debt overall and how to start repaying it. If you are currently tied into various credit cards, overdrafts, personal loans, clothing accounts and/or vehicle finance, this information is relevant to you.

Before we can action a plan, we need to understand the overall debt situation we are finding ourselves in. Create a list of all debt and in a spreadsheet detail the capital outstanding, repayment amount and interest rate.

Now look for the smallest outstanding amount, with the highest interest rate. This is the debt you want to focus on for now. Stop any access to this loan or card and start repaying extra in this account weekly or monthly. Once this loan or card has been settled, move to the second on your list.

Use both the amounts you used to pay on the previous debt as well as the amount you repaid weekly or monthly additional to the next debt. By doing this process repeatedly, you create a compound effect which will make you feel lighter every month, up to the point of potentially no debt.

Now this action plan will only work if you are still able to manage your debt. Sometimes life happens, and you fell into a massive debt trap, and you just can't get out. It can be self-inflicted pain, through buying unnecessary items, but it can very easily happen because of a job loss or lower salary (as employee) or losing clients or a business stream of income (as business owner).

In this above-mentioned case, I would suggest considering one of two options. Debt review if you are experiencing a temporary income loss or decreased income. Looking at a potential voluntary sequestration. This process is not at all as haunting as you might believe. Feel free to reach out if you need some more information or want to discuss either option.

➔ *Action plan to implement:*

- ➔ Create an Excel spreadsheet with all debt, reflecting the settlement amounts, repayment amounts, and interest applicable.
- ➔ Next, create your action plan of repaying the first smallest and highest interest debt.

15 | YOU DON'T ASK MERCEDES WHAT THE BEST VEHICLE IS

In getting any advice, be careful who you ask. The person you are asking will likely be biased.

I have this saying:

YOU DON'T ASK MERCEDES WHAT THE BEST VEHICLE IS. (YOU WILL OBVIOUSLY ONLY GET ONE ANSWER)

In financial terms, we all use brokers or financial advisors. By the way, my broker knows and respects how I feel about this topic. We had lengthy conversations about these many times. I yet need to find a broker that won't change something to a policy when they take over a new client. Why? They earn commission on every change. I do understand they also need to make a living, but my real point is:

How can I ask my broker or financial advisor advice on my life savings, if the biggest reason (mostly unconscious) would be the commission on the policy or investment about to be sold to me?

Second point. If you want to appoint a financial advisor, ask yourself the following: what is the financial status of the person I am dealing with? If your goal is to become wealthy, the people you need to surround yourself need to be there as well. I can't state this any clearer, and I know it sounds harsh. I apologize for being critical, but this is your financial health I'm talking about and care for.

What do I suggest then?

If you are starting off now with new life policies, retirement annuity (which I dislike) and other financial investments, book about three different financial advisors. Ask them all the same advice about your current situation. Compare the results. Compare the different energy from them. Your highest self (intuition) will know the right answer. Trust it.

Book a meeting with an independent person that will be able to assist you with your Will. (Ask me if you need someone for a free Will to be drawn up). Speak to that person about your result from the financial advisors and get a second opinion from her/him.

Book a meeting with your accountant and discuss all the above with him as well. As per a previous chapter, your accountant is your vested partner.

➔ Action plan to implement:

- ➔ Book three different financial advisors for meetings with you. Be clear up-front what your specific and expected outcome from this should look like (from your point of view).
- ➔ Thereafter book an independent person to advise on the findings and assist with your free will.
- ➔ Ask your accountant to be at this same meeting or arrange a follow-up meeting with him/her to discuss findings.

16 | TIME VALUE OF MONEY

A lot of people, especially as they are getting closer to retirement, want to play safe with their investments. Rightly so. I would also advise that.

What most do though, is to keep their funds in money markets or other related investments at banks. The moment you do this, you lose. You lose financially, and your money will annually be worth less and less. The reason most do this, is because they can see the cash on a bank statement and they feel safe.

Let me deconstruct this.

Investment (money market)

Money in a money market ONLY bears interest. The capital doesn't grow in value at all. Yes, the capital will increase with the interest, but that is it. There is only one option. Don't touch the funds, so that it can grow from the interest. Even with this example, your capital will still win against inflation.

Now, let me provide a further example. Let's assume you need to live from this interest.

Your capital amount in value will decrease on an annual basis because there is no growth on the capital amount. This effectively means that you will be getting behind on inflation yearly. Every year your monthly income will be worth less, even though you earn the same interest rate on the capital amount.

All because of inflation and time value of money. Thus, every year, your capital portion AND your interest portion will be worth less and less. Your asset will deteriorate slowly but surely.

Investment (share portfolio)

Investing in shares feel like gamble for most. This is merely because most don't understand the market. Yes, the market does go up and down. Sometimes you find a bear market,

and other times it's a bull. Most shares do have a steady upward trend, even though there is a lot of ups and downs in the short term. If bought correctly, and for those purposes, you also earn dividends per share. Not all companies do declare dividends. If your aim is to receive monthly income as well, make sure to choose companies that do pay out dividends.

This kind of investment provides multiple growth opportunities. Your capital can, and most likely will, grow more than inflation. A recent share I close monitored, grew with 335.63% the last 12 months! This is an extreme case, but it validates my point. Your portfolio will mostly like beat inflation.

Your monthly income will also increase as the value of dividends declared, increase. Keep in mind that dividends are not declared per month, but in periods in the year, as per the information on each listed company.

Investment (property)

Property has been my pension plan for many years. The money others put in retirement annuities; I have used to repay bonds. Doing this I made an average of 10% per annum on all the funds I invested in the bonds (actually, saving interest). Doing this also enables me to utilize access funds as deposit on further properties. It really becomes a

snowball effect. When peers bought brand new cars, with massive installments, I kept to secondhand vehicles. I used the money that I should have paid, on adding to the additional monthly repayments of bonds.

Why do I believe property is the better of option?

Simply put, the monthly rental income increases annually. Generally, about 8–10 %. The value of the property (your capital) grows annually with inflation and demand in the market. By using this investment class, you can keep growing your monthly income as well as the capital invested.

I had the following conversation with my 11-year-old. He asked me what I would choose between buying a new Range Rover, or purchasing a property. I saw my chance of some investment training.

I told him; you have two options. Most will choose the Range Rover and their R 1.5 million will be worth less and less by the day or you can choose to purchase the property and see your monthly income and asset grow

annually. If you do this every year and end up with 5 income producing properties, you can purchase your Range Rover with the monthly residual income.

The way we spend our money today, affect our wealth (or not) in a year from now. You can still drive a brand-new Range Rover if that is for you. Maybe just in five years from now. The joys of life are even more enjoyable when you can easily afford it and not when it's an albatross around your neck.

➔ *Action plan to implement:*

- ➔ Make a list of potential investment options, that you are interested in.
- ➔ What amount do you currently have available to allocate to this? Further to this point, what can you do to make more available? The more you invest today, the more fruit you will reap in a few years.
- ➔ Start small but start today.

*“The best time to plant a tree
was 20 years ago.*

The second best time is now.”

17 | GENERATE CASH FLOW FOR YOUR BUSINESS

One of the biggest reasons for business failure is cash flow. The business is doing enough sales, but the funds are not being received in the bank. Meanwhile creditors are knocking on the door.

In one of the previous chapters I explained my way of thinking about managing debtors, but I will discuss some other alternative options of financing a business for better cash flow.

One of my clients always mention to me; there is cost in doing business.

In these examples I am about to detail, it's certainly true. All of them will have an impact on costs, but it will most definitely boost the cash flow of a business.

1. Bank overdraft.

This is probably the most common finance method, but also the reason for a lot of liquidations. Be careful in using this. It can very easily be used for things nothing to do with debtor's finance. One bank manager I know told me that the most common time of overdraft applications is end of November, when business owners attempt to raise funds to pay holidays. What an expensive holiday and way to go into a new year.

One suggestion in applying for an overdraft. Apply when you don't need it. The credit score of the business account will be best in busy seasons in the business and will most likely be more achievable. Don't wait for the difficult time to arrive on your doorstep. Preparation is key.

2. Invoice discounting or invoice factoring.

These options will be a bit more expensive than a normal bank overdraft. What makes this finance better is the way it is structured.

Debtors are being approved and potentially insured, by using proper credit applications, credit checks.

Invoice factoring finance the whole debtor's book of the business, and with invoice discounting you can choose certain invoices to finance which makes it more flexible. This finance is very helpful if your debtors are on 30- or 60-days terms and you need cash flow today.

3. Raising capital by refinance a vehicle.

If you have repaid your vehicle or partially repaid, you can raise to refinance your vehicle. By doing this, you can access finance with a very low interest rate, payable over short period of time (1–5 years).

4. Other business loans available.

This is the loans to keep away from. Far away. Most small business owners using these loans, cannot keep their doors open because of these business loans. Without shouting names, let me sketch you the structure of the loan. Loans up to R 3 million. Repayable by debit order from the business bank account every week. Quick approvals. If you hear any of these words, stay away!

18 | OUTSOURCING OR EMPLOYEES

Since the beginning of 2018 we changed my thinking about employees. We used to run a company with 16 employees, and since 2018 brought down my full-time employees to four full-time senior employees. The rest are all outsourcers. Doing this was intense but changed the whole scope and scalability of our businesses. In fact, by doing this we currently have a team of more specialized and highly trained individuals. Three of our outsourcers are also accountants, that started their own accounting practices during the last year. They assist us by adding value and helping with volumes, and in return we provide them with a constant monthly income (based on their value output) and time to grow their own practices. In time my wish for each of them is to fully grow into their own accounting practices. We only win if both of us win.

We each have a team of specialized services. Several media and graphic outsourcers, and also other admin related services.

The wonderful thing about outsourcing for me is, that you don't have that monthly fixed salary that can become a burden. Full-time employees need laptops, workspace and add to the insurance and other office costs. When we have work, they have work. We only win if both of us win (No this is not a typo, its truly how I feel).

Outsourcers can be utilized in specific projects during the course of business.

It can be done in most business markets. Especially in the new work model, where a lot of people prefer to work from home or other flexible options.

One of our clients, a painting contractor, used to have a payroll of about 250 employees. They always struggled with cashflow and workflow. One day, which was a good day, the owner decided to deconstruct his whole business, and came up with a solution to decrease his 250 employees to 50. Wow! He identified his five foremen, and signed a contractors agreement with each, and allocated a team to each (all of them was previous employees). Something magical happened. The productivity and work ethics went up noticeably. Every contractor was being paid based on a specific project and not per week. Performance based and not time based.

Jim Rohn could not explain it simpler:

“YOU DON'T GET PAID FOR THE HOUR. YOU GET PAID FOR THE VALUE YOU BRING TO THE HOUR”.

➔ *Action plan to implement:*

- ➔ Make a list of the employees you want and need by your side full time.
- ➔ Sketch a plan with outsourcers around these employees.
- ➔ What current costs can be saved because of this?
- ➔ How can I structure my business so that both parties can win? Remember, we only win when both of us win.

Anything of value which is owned by an individual, company, organisation, etc.

19 | RICH PEOPLE ACQUIRE ASSETS, THE REST SHINY TOYS

In the words of Robert Kiyosaki,

“RICH PEOPLE ACQUIRE ASSETS. THE POOR AND MIDDLE CLASS ACQUIRE LIABILITIES THAT THEY THINK ARE ASSETS”.

The thing is. Its sexy to buy new shiny toys. We believe the Joneses love our mansion or luxuries. In fact, they don't really care at all, and more importantly you should not either. Spending money to impress others is the fastest way to have nothing at all.

We will never enjoy a growing net asset value if we increase our expenses as our monthly income increases. Most receive an increase or new business contract and run off and increase their vehicle installments (with the latest or an upgrade) and purchase a property on their financial limits.

Another idea. Decide on a hobby and enjoy that and go deeper into that one single activity. I know a guy who has four different hobbies. Golf, remote control cars, stock cars and fishing. He barely survives every month but invest all of his money in these hobbies. Further to this he doesn't even have time to focus on his craft, because his mind (and body) is always with his hobbies.

Hobbies are meant to be for relaxation, not create further stress. In this case financial stress.

Let me take this a step further before we start deconstructing everything. The financial wealth focus on two streams of income. Passive income and active income.

With passive income you invest in assets or businesses that work while you sleep. It provides interest, dividends, rental income, royalties or other intellectual property while you are not active every single day.

With active income you are involved in the business. High earners understand that the more value they bring to the marketplace and the more impact provided to humanity, the better financial results they see.

20 | THE VALUES THAT ATTRACT MONEY

Sound financial decisions are extremely valuable to build wealth. However, there is another form of wealth, that is ever so important. Ethical wealth. The way we treat people and behave around them, create an important wealth class: reputation.

How people perceive you, is how people will do business with you. People do business with people they like and trust. No hack will create long term wealth. Few ideas to create long term wealth on this concept.

1. Please and thank you.

These are magic words, that make such a difference in a society that forgot it.

When last did you hear an adult saying please and thank you in everyday conversation?

It's one of the most fundamentals in healthy functioning relationships, yet many of us have seemed to have forgotten these "magic words".

The world became so busy that we forget to include these small words in our communication with others.

When last did you ask someone how they are... and stop to listen to their answer. I mean, REALLY be interested in what they say.

Let's all remind ourselves of these basic, but fundamental words:

Please, and thank you. It doesn't make you soft. It reflects respect and values.

I honestly believe these small acts of kindness are the most underrated items in business, and it can make all the difference.

Please say - *I respect you*. Thank you reflects - *I appreciate you*.

2. Be on time.

Being on time is honoring the other person. It shows respect and appreciation of their time.

In fact, if you are not early you are late.

Make a conscious effort of being in time for a meeting. It will show respect and earn dividends.

3. Generosity.

Generosity breeds abundance. The more value we offer, the bigger flow of abundance we receive.

It's like electricity and water. It's a form of energy. Electricity and money are both called currency. Both is the most effective if it flows. Electricity won't be effective if we switch the inflow of power off. It requires both ends to work properly. When I was younger, my dad and I used to do hiking a lot. He always taught me, never to drink water from a stream if it doesn't flow. If it's stagnant in a puddle, it becomes rotten. Nature can teach us so much about energy and abundance. If we want to keep all our money against our chest (or even in a chest), we will never experience abundance and prosperity. To prosper financially, give more than what is expected. Give until its uncomfortable. It may sound counterintuitive, but the universe rolls that way.

I am passionate about these items and believe you need to consider to be as well (if you are not already). Applying these principles as a wealth class will create long term reputation and consistency. Even in difficult financial times.

21 | THE BETTER CARD

This will be one of the shortest chapters you will ever read on financial advice.

If you regularly use a debit card, of the current account of the business, to purchase items I want to suggest another solution. Apply for a business credit card in the name

of the business. It doesn't need to have a big limit (that is not the idea). The difference is on a debit card YOU pay the transaction fees. With a business credit card, the MERCHANT pays the fees. You will save a lot of bank charges with this small move.

22 | YOU CAN'T SELL A COWBOY BUSINESS

What is a cowboy business? Those that nobody will be able to make sense of. Those that have no proper paper trails. No administration in place. Owner living out of the business bank account. Financial statements are clearly incorrect, because of all the cash transactions not declared.

I had a client in my office a few years ago. He kept mentioning to me how he wants to deflate his income statement. He kept looking for more and more ways to show a massive loss in the business. He used Jacob Zuma and the rest of government as his excuse. In the same breath he also complained to me that the bank manager doesn't want to increase his bank overdraft.

I couldn't help myself to sit back reflecting on all of this, and then responded.

We cannot play victim and expect abundance in our business. Blame won't create better results. Our actions influence our results.

You can deflate your financial statements all you want. Cash can be hidden in the books. The question is, what will the potential investor, the potential buyer, in a few years, or the bank scoring, think of this. Any of

these mentioned will only look at one thing. The financial statements that can be verified. That is the only thing, together with all the supporting documentation, that will assist them in making a decision on the purchase price, the investment amount or the finance application amount.

**BY DEFLATING THE
FINANCIAL STATEMENTS,
YOU ARE ALSO
DECREASING OR EVEN
SHATTER THE VALUE OF
THE BUSINESS.**

I was not popular that day!

This is an important decision to make in our business.

Do we want to be cowboys, or do we want to create a business that someone else would want to purchase? Our financial future depends strongly on this simple decision.

23 | EXPANDING IS MORE IMPORTANT THAN COST SAVING

We can get so focused on all the costs that we need to cut, that we forget the true vision must be to expand. Cost saving can only be done to a certain point but expanding has no limits. Not even the sky. During this current challenging financial period, because of lockdown, I'm also very conscious about costing in our businesses and do proper costing and projections regularly. During the last big exercise, I communicated to my team what I have put in place and what systems I have changed. I also told them, this is an important exercise, but our real goal is constant expansion.

Consider how you can create more value in your niche. Exchange of value always create prosperity.

Explore other solutions that you can offer in your niche. People value and are prepared to pay for solutions. Even if they don't have a lot of funds due to a winter economy.

How can I collaborate with other parties, to earn from something that I do for free currently?

WE ARE BORN INTO ABUNDANCE. ACCEPT IT. GO FETCH IT.





24 | WHAT VEHICLE MAY BE CLAIMED FOR VAT?

This is one of those FAQ moments. Something that is always a question mark. Let me explain scenarios below:

You may not claim on a vehicle or double cab. The only time that you may claim these two items, is when you are a car dealership, and you buy these vehicles as stock to resell.

The two biggest items always in questions are, club cab bakkies and panel vans. Very import though, it must be registered as such on the registration papers of these vehicles. A panel van must be converted to a panel van before it's been purchased. A vehicle like a VW Caddy isn't a valid panel van in its original format. It needs to be converted to an actual panel van. One reflects as a combi on its registration papers and the other as a panel van. The combi won't be able to be VAT deductible. The panel van will.

A few years ago, I had a client that phoned me to discuss her new Panel van purchase. I told her that she needs to ensure the above. That it must be converted before she purchases the vehicle. Her response was that the dealership confirmed to her that she can purchase the vehicle as is (registered as a combi) and that she will have NO ISSUE with the VAT claim. I confirmed to her she will have an issue. Nevertheless, she bought the vehicle as is (being a combi), and in the SARS audit the vehicle claim was rejected. To rectify, she had to revisit the dealership, convert the panel van, do the refinance on the vehicle and resubmit in a new VAT period.

Further to the above. Ensure that the VAT numbers of both parties are on the vehicle finance contract.

Simple things can make a massive difference in your VAT claim.

25 | 50/20/30 BUDGET RULE

To make sure we live a balanced life, by creating wealth as well enjoy the fruits of life, we need to budget accordingly. In the words of Robin Sharma,

“VAGUE GOALS LEAD TO VAGUE RESULTS”.

The 50/20/30 budget rule is a good rule to start by. This can be adjusted over time, but most definitely an excellent foundation. In my experience over the last two decades in serving small business owners, most don't do this. Most merely run through their months. You are reading this to make an impact on your financial life. You want to increase your net asset value.

These amounts (50/20/20) represent the percentage out of your monthly income, whether as employee or if you are an entrepreneur. Each percentage represents a specific aspect.

Let's roll up our sleeves and deconstruct this method.

The first 50%

The first 50% is a detailed list of your monthly overheads. Your needs and absolute must have expenses. Compile a list of each item as well as the amount of the expenses.

A few examples:

- Accommodation
- Vehicle installment and expenses
- Telephone and internet
- Groceries
- Life policies
- Short term insurance
- School fees

The second 20%

This portion of your money should be allocated to investments or paying off debt.

I have discussed this in various chapters in this book. In time, you might want to look at this percentage and adjust it upwards. As your income grows, don't let your first 50% increase as well. Our net asset value will only grow if we manage our living expenses.

The last 30%

The last portion is allocated to fun, games and nice to haves.

Exploring new towns or restaurants.

Allocating funds for your hobbies.

Life without enjoyment is no life at all.

The most powerful tax hack

Employment Tax Incentives (ETI) is probably the most effective tax hack for small business owners.

One of the very first discussions with a monthly accounting client, is about Employment Tax Incentives (ETI).

ETI is a fantastic tax hack for most small business owners if they employ people under the following requirements:

- Monthly salary between R2,000–R6,500
- Ages between 18–29
- Valid South African ID

If you're a small business owner who has employees that meet these requirements – contact my office today for a free zoom consultation to discuss this tax hack in further detail.

26 | QUICK FIRE QUESTIONS

While writing this eBook, I asked my social media following and clients to send me their financial questions and struggles.

Many of them I did explain in detail in the various chapters but thought it will be amazing to compile a list of quick answers on some of the feedback.

💡 **Is VAT on meals and accommodation deductible?**

It's only deductible when visiting a client out of town. You need to travel outside of your general work area.

💡 **How to raise money to fund my idea?**

Don't. An idea is still merely an idea. Raising money should be to expand, not to start. Be creative and start your business with the minimum requirements and grow it organically.

💡 **Struggle with cashflow.**

Utilize or explore some of the options I explained in more detail in a chapter in this book. Cashflow should not be a problem. There are solutions.

💡 **Client delay payments.**

Explore the chapter on debtors' management. There are many ways to limit the risk of nonpayment. Stick to your guns!

💡 **Stages of growth for a business and kind of mentality a business owner should have.**

This is somewhat different I had in mind for this eBook, but I would suggest subscribing to my 365 daily entrepreneurs tip and tools [here](#).

You will also receive 3 FREE eBooks as gift for your time and to boost your growth.

You will receive daily motivation, tips, tools, and tactics to grow yourself and your business.

We will never outperform our own personal growth.

💡 **Using your profits. When and how.**

These topics has been covered in detail in various chapters in this eBook.

Use profits to plough back into the business for growth of the business and potential capital growth in investments. Don't live from the business account.

💡 **The UIF contributions don't reflect.**

Something we notice during the lockdown TERS payouts, was that many entrepreneurs are confused with the UIF payment done at SARS and the actual administration at the Department of Labour. Even though you may pay the funds with SARS, you are still required to do the administration for each employee at Department of Labour.

Thank you for reading

As an appreciation I want to offer you TWO Gifts

01

Receive a FREE business and tax structure consultation with Jasper Basson

Be in contact with us instantly on WhatsApp.

02

Daily entrepreneur tips, tactics and financial education to live a life that you adore

You will also receive my previous eBooks for FREE:
Growth Kit for Entrepreneurs - Volume 2, 3 and the 4.

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