



DOLLARS & CENTS

BY TARA JAWAHIR

BUSINESS MANAGEMENT FOR THE CREATIVE SECTOR

- ❖ 1).BUSINESS PLAN
- ❖ 2).FUNDING
- ❖ 3).COST OF OPERATION
- ❖ 4).BUDGETING
- ❖ 5).RECORD KEEPING
- ❖ 6).TAX IMPLICATION
- ❖ 7).FINANCIAL REPORTS

SMALL & MEDIUM-SIZED ENTITY -(SME)

- ❖ AN SME IS A SMALL OR MEDIUM SIZE COMPANY.
- ❖ IT HAS FEW EMPLOYEES, THE VALUE OF IT'S ASSETS AND/OR IT'S ANNUAL SALES IS RELATIVELY SMALL.
- ❖ MOST COMPANIES IN THE WORLD ARE SMALL & PRIVATELY OWNED.
- ❖ THE STANDARD ADOPTED FOR PREPARING FINANCIAL STATEMENTS IS AN IFRS FOR SME.

1). BUSINESS PLAN

- ❖ HAVE CLEAR GOALS AND OBJECTIVES FOR A SPECIFIC PERIOD.
- ❖ UNDERSTAND WHERE THE FINANCES ARE COMING FROM.
- ❖ LEARN HOW TO MANAGE THAT RELATIONSHIP WITH FINANCE PROVIDERS IN ORDER TO MAXIMISE MUTUAL ADVANTAGE.
- ❖ KNOW WHAT YOUR CAPABILITIES AND RESOURCES ARE.

2). FUNDING

- ❖ **SPONSORSHIP:**

- ✓ A BRAND PARTNERSHIP

- ❖ **GRANTS:**

- ✓ FROM GOV'T

- ❖ **BOOTHSTRAPPING:**

- ✓ TAPPING INTO FAMILY MEMBERS FUNDS

- ❖ **CROWDFUNDING:**

- ✓ CONTRIBUTIONS FROM FANS ON SOCIAL MEDIA, FB,

3). COST OF OPERATIONS

- ❖ CONSIDER CONSTRAINTS eg. Insufficient Funds
- ❖ EFFICIENCY REDUCES COST eg. Wastage; unskilled labour.
- ❖ BUY IN BULK TO GET DISCOUNTS – maybe not as an individual but as in group purchases.
- ❖ SHOP AROUND FOR BEST PRICES eg. Get quotes from various supplier.

4). BUDGETING

- ❖ A BUDGET IS A **TOOL** TO HELP MANAGE YOUR COST THUS ALLOWING YOU TO MAXIMISE ON YOUR REVENUE OR PROFIT.
- ❖ A BUDGET IS USED AS A **GUIDE** TO ENSURE THAT YOU DO NOT OVER SPEND MORE THAN YOU CAN AFFORD.
- ❖ TRY TO BE REALISTIC IN YOUR ASSUMPTIONS WHEN PREPARING YOUR COST BUDGET BY USING CURRENT PRICES AND ALSO CONSIDER ANY INFLATION

5). RECORD KEEPING

- ❖ HAVE SEPARATE BANK ACCOUNTS
- ❖ NO PERSONAL PAYMENTS FROM BUSINESS ACCOUNT
- ❖ THE BUSINESS IS AN ACTIVITY SEPARATE FROM YOU
- ❖ KEEP BUSINESS AND PERSONAL RECORDS SEPARATE
- ❖ KEEP RECORDS OF BUSINESS TRANSACTIONS ON
 1. EXCEL
 2. CASH BOOK
 3. LEDGER
 4. ONLINE SOLUTIONS eg. FRESHBOOKS, WAVEAPPS,

6). TAXATION (part 1)

- ❖ IS YOUR CREATIVE ACTIVITY A BUSINESS ENTITY?
- ❖ IF SO → COMPLY WITH REVENUE AUTHORITY & MIN of LEGAL AFFAIRS
- ❖ SUCH AS QUARTERLY OBLIGATIONS eg. (Green fund levy which is .1% of Gross Sales or Receipts.) and FILING ANNUAL RETURNS.
- ❖ BENEFITS (INCENTIVES)
- ❖ COMPLY WITH RULES AND REGULATIONS ON A TIMELY BASIS IN ORDER TO AVOID PENALTIES.

6). TAXATION (part 2)

Tax incentives: (FOR PRODUCTION COMPANIES)

- ❖ The PRP provides financial incentives for the prod'n of both foreign and domestic budget film, television & digital platform projects in T&T.
- ❖ Currently, if you satisfy all the criteria in the Gov't's Production Rebate Programme (PRP), you can access the following REBATES:–
 - 35% of an initial spend up to USD 3million
 - 15% on labour cost incurred in hiring citizens of T&T
- ❖ The Minister further promised to increase the USD3m to USD8m and the 15% to 20% of the labour cost.

6). TAXATION (part 3)

Tax incentives(cont'd):

(FOR: AUDIO, VISUAL, VIDEO PROD'N, FASHION INDUSTRY, VISUAL AND PERFORMING ART)

Tax allowance is:

- 150% of actual expenditure incurred.
- Up to a maximum of \$3,000,000.

Note: You must be registered with the Artist Registry in order to obtain the benefits from these tax allowances.

7). RESULTS OF YOUR BUSINESS

- ❖ INCOME & EXPENSES STATEMENT REFERRED TO A –> **PROFIT & LOSS STATEMENT** (P&L)
- ❖ SUMMARY OF WHAT YOU OWN & WHAT YOU OWE REFERRED TO A –> **BALANCE SHEET** (BS)

PROFIT & LOSS

Statement (P&L)

▶ Organization Name	
▶ PROFIT & LOSS STATEMENT	
▶ <u>FOR THE YEAR ENDED 31 DEC 2014</u>	
▶	
▶	<u>TTD</u>
▶ <u>INCOME:</u>	
▶	
▶ SALES	80,000
▶ GOV'T GRANT	100,000
▶ DONATIONS	10,000
▶ SPONSORSHIP	25,000
▶ EVENTS	<u>50,000</u>
▶	
▶ TOTAL INCOME	<u>265,000</u>
▶	
▶ <u>LESS EXPENSES:</u>	
▶	
▶ SUPPLIES	60,000
▶ SALARY & WAGES	30,000
▶ RENT	5,000
▶ INSURANCE	10,000
▶ UTILITIES	<u>2,000</u>
▶	
▶ TOTAL EXPENSES	<u>107,000</u>
▶	
▶ PROFIT BEFORE TAX:	<u>158,000</u>

BALANCE SHEET

(Assets, RE & Liabilities)

▶ Organization Name
▶ BALANCE SHEET
▶ AS AT 31 DEC 2014

TTD

▶ ASSETS:

▶ Plant & Machinery 50,000
▶ Land & Building 100,000
▶ Motor Vehicle 25,000
▶ Inventory 10,000
▶ Receivables 5,000
▶ Cash in Bank 10,000

▶ Total Assets 200,000

▶ EQUITY & LIABILITIES:

▶ Capital 100,000
▶ Retained Earnings 30,000
▶ Gov't Grant 50,000
▶ Trade Payable 15,000

▶ Total Equity & Liab. 200,000

EXAMPLE OF TAX COMPUTATION– WITH AND WITHOUT TAX CONCESSIONS:

▶ WITHOUT TAX CONCESSION:

▶ PROFIT BEFORE TAX 158,000 (sl.13)

▶ TAX @ 25% (39,500)

▶ PROFIT AFTER TAX 118,500

WITH TAX CONCESSION:

Total Income 265,000 (sl.13)
Total exps (107K @150%) (160,500) (sl.13)
Chargeable Income 104,500

TAX @ 25% (26,125)

PROFIT BEFORE TAX 158,000 (sl.13)
TAX as above (26,125)

PROFIT AFTER TAX 131,875

Conclusion

- ❖ You would have already learnt a bit about operating as a creative professional, as well as how to apply business principles to your creative projects from your previous workshops.
- ❖ The “Dollars and Cents” workshop however is a reflection of the financial results of those behaviours and principles.
- ❖ I Thank you for your attention.

Contact:

For additional information on this presentation or any accounting, tax or business advice, you can reach us at:



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