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Chartered Accountants

Business **in focus**

Monthly audio program > presented by Michael Schildberger

November 06



The extras



Chartered
Accountants

NUMBER ONE IN NUMBERS



When we first start in business we naturally aim high. And, as time progresses, we fine-tune our initiatives. Above all, we are on the constant look out for improvement and expansion. But we always need to remind ourselves to stay on target.

On this month's CD we hear a range of ideas on that subject. We have the unusual but successful story of Donna Aston, overweight (by her own admission!) a few years ago and determined to do something about it. She did more than that. She has built a substantial business, training others to do what she achieved, not with fad diets but with a combination of exercise and good food. With a focus on building a business she enlisted some well known people, thus becoming known as "Personal Trainer To The Stars".

Keep setting new targets and be prepared for innovation, says an expert on the subject, Roger La Salle. But, he warns, you must ensure that changes add value.

You will gain value from an interview with former accountant/property investor Steve McKnight. He started just seven years ago with the purchase of a couple of "cheap" properties and has since bought more than 260. His process and tips he offers are quite different from the usual.

Among various topics we hope you will find of value in your own business as well as tips you can pass on to clients, we cover financial instruments, transfer pricing and presenting with confidence. We also point you to a new online site to make buying and selling businesses easier.

Enjoy this month's CD.

Michael Schildberger

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This month's essentials

03

Track 1

FINANCIAL INSTRUMENTS (AASB 139)

John Kidd CA, Deloitte Touche Tohmatsu

- > AASB 139 has completely changed the way that companies account for financial instruments
- > A significant number of financial instruments must now be recorded at fair value
- > Fair value is not easy to determine and will be a new skill set that is required for most accountants
- > Hedge accounting with derivatives is another complexity that should not be taken lightly. There is a serious cost to complying with the standard
- > The new hedging rules are significantly less flexible than the old regime
- > Few companies are happy with the new rules as it has meant new systems, additional costs for consultants, and typically a less than perfect financial accounting result

Track 2

PRESENTING WITH CONFIDENCE

Lucy Cornell, Forté Communications

- > Because our generation is so adept at digital communications (SMS, computers, teleconferencing) we are not well practiced in the art of oral persuasion.
- > If you are asked to speak for your business, you need to be prepared
- > Structure: Know your audience and the response you want them to have
- > Delivery: Be yourself, be inspired, interact with the audience, engage them
- > Practice: Practice out loud at least once before you are "live"
- > Don't learn by rote - speak from your heart and use your structure as a skeleton for your message.
- > Find a reason to speak your content even if it is "dry". If you don't care, your audience won't
- > Speak to us in the present moment, rather than trying to redo how you did it yesterday.
- > Engage your audience. Get them to take ownership of your message. Tell stories, use props, participation & names. If you feel as though they have turned off don't keep going, stop and re-ignite them. Confidence comes from practice and being true to yourself.

Track 3

ECONOMIC UPDATE

Professor Neville Norman, Melbourne University

- > Interest rates - tide turning. Is it mainly the slip in oil prices?
- > Yes. Rate rises would have done little anyway!
- > Where next? - increasingly, it's back down, but not much or soon
- > Exercise: If rates rose 2.5% (points) how would you be different?
- > China and Japan update: looking good, despite the knockers
- > Unemployment update - do economists not care? We do, but it's a bad forward indicator.

Track 4

PROPERTY INVESTING: A DIFFERENT APPROACH

Steve McKnight, author, "From 0 to 260+ Properties In 7 Years"

- > Most people buy for capital appreciation and don't sell
- > My approach has been to look for cash flow return
- > Evolve your strategy so it stays relevant to the changing market
- > You don't need a massive property portfolio but you do need a system that will let you achieve your personal goals
- > If you can't find the time for it, you won't get ahead with property investing
- > 92% of real estate investors only own one or two properties - why? The investing system is flawed. Learn how to crack the model.
- > Skill up on how to find good properties and what will drive their value higher
- > Add more perceived value than actual cost - give someone the incentive to pay more.

Track 5

BUSINESSES FOR SALE: NEW SITE

David Bird, BizExchange

- > Surveys indicate that 44% of the 800,000 small businesses in Australia will undergo some form of ownership transition
- > The value of those businesses is estimated at \$1.6 Trillion
- > Massive fund raising for private equity in companies is underway, including individuals with superannuation money to invest
- > It's hard to find financial information about private companies but BizExchange will offer much more detail, including checklists for buyers, sellers and investors
- > The time to sell a business is when the value is rising but many get it wrong
- > Newspaper advertising is a "shot gun" approach but online sites such as this offer daily updates and focus on specific industries.

Track 6

TRANSFER PRICING

Paul Riley, Deloitte Touche Tohmatsu

- > Transfer pricing focuses on the tax implications of transferring goods, services, intellectual property and funds across international borders between parts of a multinational organisation.
- > As revenue authorities are tightening regulations and increasing penalties, transfer pricing is becoming the most significant issue confronting tax directors in the Asia Pacific region.
- > Marketing intangibles and guarantee fees are just a couple of the issues that the ATO has notified companies it will focus on during 2006/07.
- > The arm's length principle is universally accepted as the guiding principle to apply to a MNC's cross border intra-group dealings. However, each country has (or soon will have) its own set of transfer pricing rules. This creates some difficulties in pricing the transfer of goods and services.
- > Your profitability levels and the quality of your transfer pricing documentation are two critical factors to assess your transfer pricing risk.
- > If your transfer pricing risk is not managed, expect long protracted audits, adjustments going back several years, having a drain on your internal resources and the risk of being taxed twice on the same income.
- > A tip to managing your transfer pricing risk - be prepared!!

Track 7

DOCUMENTING WORK RELATED EXPENSES

Michael Jones, Cummings Flavel McCormack

Answers to the following considerations:

- > When can we claim a work related deduction?
- > When is written evidence NOT required?
- > Are credit card statements sufficient evidence?
- > What if some details are missing?
- > What if written evidence cannot be obtained?
- > What about minor amounts?
- > How long must written evidence be kept?
- > What's a place of business v. a home study?
- > What are the substantiation requirements for a 'home study'?
- > What are the substantiation requirements for a 'place of business'?

Track 8

SHAREMARKET UPDATE

Tim Lincoln, Lincoln Stock Doctor

- > Volatility is not as extreme as many have suggested
- > The market has fallen 12% since its high point in March 06, but has now regained value and is only 4.4% from the March all-time high
- > Resources and energy sectors have been hit by volatility. Look for the companies with great fundamentals and stay focussed long term
- > China isn't going away!
- > It's been a very positive reporting season with many highlights
- > Telstra: financially healthy but watch Golden Rule No 2: earnings per share growth
- > TIPS: Iress, Just Group, Oakton, Stockland, SMS Management, Primary Heath Care, Campbell Brothers, BHP, Rio, St George.

Track 9

CHANGE OR DIE!

Roger La Salle, La Salle Matrix Thinking

- > Innovation means change that adds value
- > Ask yourself if the products you sell will be exactly the same in 10 or 20 years. Unlikely!
- > Innovate, make changes now, don't wait
- > Look at your products but also your processes and social trends
- > A provisional patent, for 12 months protection in more than 110 countries, will cost you \$80
- > Find an opportunity and have a go. But don't persist if it isn't working
- > Persistence alone will not turn a dog into a star
- > Be realistic about market risk.

Track 10

HEALTHY SUCCESS

Donna Aston, "Personal Trainer To The Stars"

- > I started in the business when I was overweight and with so many experts everywhere, I did my own research and found the passion for health and fitness that remains with me
- > My success is based on logic for individual client needs, not following fads and crash diets
- > Success with clients leads to success in business
- > Initial personal contact with clients is important to fulfil their expectations, then it's delegation to the right person for the right client
- > The fundamentals for running a successful business came from trial and error, making mistakes and learning from them.

For more information about the topics discussed on this November 2006 program, please contact the relevant organisations listed below.

FINANCIAL INSTRUMENTS (AASB 139)

The Institute of Chartered Accountants in Australia
1300 137 322
www.charteredaccountants.com.au/training

PRESENTING WITH CONFIDENCE

The Institute of Chartered Accountants in Australia
1300 137 322
www.charteredaccountants.com.au/training

ECONOMIC UPDATE

Professor Neville Norman.
Email: n.norman@unimelb.edu.au

PROPERTY INVESTING: A DIFFERENT APPROACH

Steve McKnight.
www.PropertyInvesting.com/
Essentials

BUSINESSES FOR SALE: NEW SITE

David Bird, BizExchange.
Tel: 03 9221 6365
Email: enquiries@bizexchange.com.au
Website: www.bizexchange.com.au

TRANSFER PRICING

The Institute of Chartered Accountants in Australia
1300 137 322
www.charteredaccountants.com.au/training

DOCUMENTING WORK RELATED EXPENSES

Michael Jones,
Cummings Flavel McCormack.
Tel: 03 9882 3268
Website: www.cfm.com.au

SHAREMARKET UPDATE

Tim Lincoln, Lincoln Stock Doctor.
Website: www.stockdoctor.com.au
Please contact Lincoln direct for more details about its STOCKdoctor investment software or managed fund services on 1800 676 332 or 03 9855 1100

CHANGE OR DIE!

Roger La Salle,
innovation "guru" and creator of
La Salle Matrix Thinking®
Tel: 03 9842 7267
Website: www.matrixthinking.com

HEALTHY SUCCESS

Donna Aston,
"Personal Trainer To The Stars".
Tel: 03 9827 8671.
Website: www.donnaaston.com
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09

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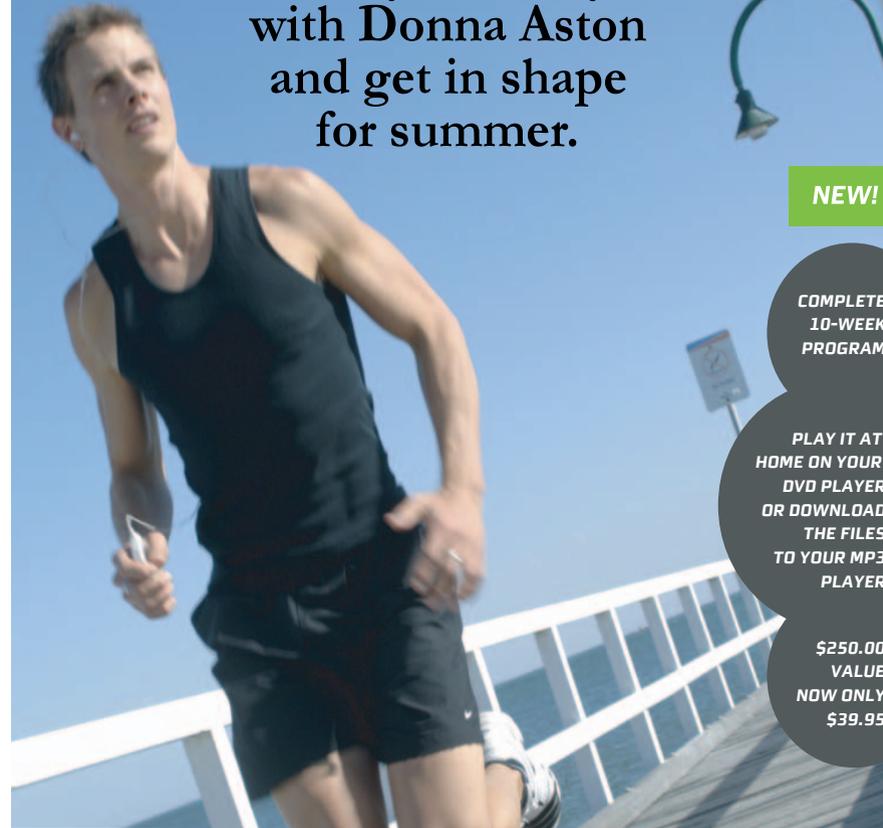
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