

Chartered Accountants

# Business **in focus**

Monthly audio program > presented by Michael Schildberger

July 07

**The extras**



Chartered  
Accountants

NUMBER ONE IN NUMBERS



On this month's CD our "cover girl", the inspirational Kirsty Dunphey, tells a remarkable story. Now aged 27, Kirsty became a millionaire seven years after her family's business had collapsed. Her determination as a teenager has many lessons for anyone in business. She explains how she was able to establish new businesses without money and with the odds against her in terms of dealing with bank managers when she was so young, female and had no track record.

We can all learn on this month's program from a highly experienced former executive of the huge Wal-Mart chain in the US. Michael Bergdahl, who was Wal-Mart's Director of People - with two million employees -- now travels the world teaching small to medium-sized businesses lessons from the operations of a giant. And yes, surprisingly, there are many.

Our regular economist Professor Neville Norman looks ahead at the start of the new financial year and so too does Stock Doctor Tim Lincoln, highlighting his analysis of good buys.

Mark Parker of Lander & Rogers Lawyers explains how accountants can get more involved in marriage breakdown settlements - specially in superannuation splitting.

And we have details of new toolkits developed under the auspices of the Institute of Chartered Accountants. They cover property transactions and management accounting

I hope you enjoy this month's CD and Extras booklet and I wish you a successful financial year ahead.

Michael Schildberger  
Managing Director

website  
www.be.com.au  
Chief Editor  
John Hounslow  
Production Manager  
Heather Dawson  
Studio Manager  
Peter Letts  
Advertising/Sponsorship  
Nick Schildberger  
nschildberger@be.com.au  
Managing Director  
Michael Schildberger  
Publisher  
Business Essentials Pty Ltd  
ABN 98 006 144 449  
405 Riversdale Road,  
Hawthorn East VIC 3123  
Phone (03) 9882 8333  
Fax (03) 9882 8017

## Track 1

### SUPERANNUATION SPLITTING

Mark Parker, Lander & Rogers Lawyers

- > Since December 2002 legislative amendments in the Family Law Legislation Amendment (Superannuation) Act 2001 mean superannuation is treated as property, theoretically in the same way as the family home or other matrimonial assets, and capable of being divided in such proportion as the Court sees fit
- > The Court must determine the value of the asset pool inclusive of superannuation entitlement, assess the contribution that each party has made towards each matrimonial asset including superannuation, assess the future needs of each party and then determine whether the proposed percentage split is fair and equitable
- > The taxation of benefits under the super splitting laws is governed by the Family Law Legislation Amendment (Superannuation) (Consequential Provision) Act 2001, which also amends the Income Tax Assessment Act 1936 (ITAA 1936) and the Income Tax Assessment Act 1997 (ITAA 1997). This creates opportunities for accountants to work more closely with lawyers

## Track 2

### PROPERTY TRANSACTIONS

Bruce Thomas, Institute of Chartered Accountants in Australia

- > The ATO tried to put forward a view that “enterprise” for GST purposes was much wider than the income tax concept of a “profit making undertaking”. Its latest Ruling backs down somewhat from that position
- > The Property Transactions Toolkit contains comprehensive explanations covering a wide range of tax issues concerning property transactions and checklists, flowcharts and working papers
- > I have found 4 main issues to consider - two applying to vendors and two to purchasers. The toolkit explains these with examples and looks at how to avoid falling foul of the ATO
- > It is a very difficult issue to negotiate with any confidence. The Toolkit gives great insights into understanding the application of cases such as Scottish Australia Mining, Whitfords Beach and more recent cases such as Price Street Development v FCT.

## Track 3

### MID-YEAR ECONOMIC UPDATE

Professor Neville Norman, Melbourne University

Mid-Year Economic Update: The "strong" economy

- > Great news for business - economic growth is back over 3%
- > Bad news - it should be sustained at 4%; the 'world' is growing at over 5%
- > Bad move - with growth near 4%, warnings of (interest) rate rises emerge
- > Inside the growth: NSW lagging, WA and Queensland are booming
- > Export growth is mainly prices rather than volumes; asset markets (property/shares) are leading a sizeable uplift in wealth - and inequality
- > Despite the increased risk profile in all this, a good prospect for business, even if the recent drought-breaking rains are not sustained

Business planning for 2007/8: Better growth and restrained inflation and wages growth

Watch-outs: (unjustified) Rate rises; drought return, wages outbreak; election antics.

## Track 4

### SURVIVING A COMPUTER CONTRACT

Paul Brennan, Brennans Solicitors

- > Beware limitations in the exclusion clause
- > Check compensation for damages as outlined in the contract
- > Address the question of transfer to other divisions or companies
- > Look at the Escrow agreement
- > Make sure you have a termination clause if things go wrong - or if you decide to sell your business. And beware stiffing!

## Track 5

**MANAGEMENT ACCOUNTING TOOLKIT**

Biljana Konjarski CA, WHK Horwath

- > The self directed toolkits were developed as the Institute of Chartered Accountants in Australia recognised that members in regional and remote areas, did not have the opportunity to attend some of the workshops available to them
- > It was also acknowledged that members in the city sometimes could not attend workshops due to time constraints and were looking for something that they could take away and work in their own time
- > Toolkit One covers Corporate Governance and the Audit Committee, Risk and Risk Management, Internal Control, Internal Audit and the Audit Process, and Fraud
- > Toolkit Two covers Introduction to Risk Management and Derivatives, Interest Rate Management, Foreign Exchange: Relationships and Risks, Foreign Exchange: Risk Management
- > The Toolkits were developed in association with CIMA (Chartered Institute of Management Accountants), WHK Horwath and the Institute of Chartered Accountants in Australia, together with Barrington Treasury Services.

## Track 6

**TAX UPDATE**

Michael Jones, Cummings Flavel McCormack

- > New definition of small business enables simpler access to the following tax concessions: CGT; depreciation and trading stock rules; deductions for prepayments; account for GST on a cash basis; FBT car parking exemption; PAYG instalments based on notional tax; amendment period of 2 years
- > The test is \$2 million aggregate turnover
- > New rules to super contributions now apply:
- > Before-tax concessions: You (if self-employed) or your employer can make before-tax contributions of up to \$50,000pa. As a transitional concession if you're 50, over \$100,000 can be contributed until 2012.
- > After-tax concessions: If you're under 65, the annual cap is \$150,000 (indexed) on after-tax contributions - or \$450,000 over 3 years
- > You can continue to contribute to super until you turn 75. After 65 years of age, the "work test" applies: 40 hours of work in 30 consecutive days
- > Exceeding the contribution caps can be costly
- > Employment termination payments can no longer be rolled over into super.

## Track 7

### SHAREMARKET UPDATE

Tim Lincoln, Lincoln Stock Doctor

- > We may not get the 30% returns of the last financial year but we can still expect 15%-20% returns in the year ahead
- > It's possible to outperform the market if you're disciplined, stick to the Golden Rules and weed out poor performers
- > Through Stock Doctor you can improve further through exposure to the high achieving micro-cap companies (not available in the managed fund)
- > The positives ahead far outweigh the negatives so don't procrastinate
- > Stock highlights: Bradken, Cabcharge, CSL, Fleetwood, Monadelphous, Oakton, QBE, St George, BHP and Rio.

## Track 8

### FROM BANKRUPTCY TO MILLIONAIRE IN 7 YEARS

Kirsty Dunphey

- > At 15 I invested my first \$1,000 in sterling silver jewelry, selling at markets and at school
- > A turning point in controlling my fears about business was when I was importing \$10,000 worth of jewelry from Thailand (still only 15-16 years old!)
- > After dropping out of university aged 21, with 2 partners, I opened my first real estate company with two \$10,000 personal loans
- > I bought my first property in my early 20s. I now have 15 properties
- > From 3 people in a 2 bedroom flat (one boot strap!) we grew to 50 people in 6 locations
- > I wanted to be a millionaire by the age of 21. I didn't make it. It took 'til I was 23

## Track 9

### LEARNING FROM THE SUCCESS OF A GIANT

Michael Bergdahl, former Wal-Mart executive

- > Smaller businesses shouldn't try to compete with big companies on price. They should focus on extraordinary service
- > A company's culture binds its people together and average people achieve at above average levels
- > Everybody in a company, regardless of where they work, must understand the core business and promote new product ideas
- > Every day is "draft day". Look for talented people everywhere you go - they could be the best people to fill a vacancy even if you don't have one now
- Customer service is all important. If a customer has a problem, ask "what would you like me to do?"

For more information about the topics discussed on this July 2007 program, please contact the relevant organisations listed below.

## **SUPERANNUATION SPLITTING**

The Institute of Chartered Accountants in Australia

**1300 137 322**

**[www.charteredaccountants.com.au/training](http://www.charteredaccountants.com.au/training)**

## **PROPERTY TRANSACTIONS**

The Institute of Chartered Accountants in Australia

**1300 137 322**

**[www.charteredaccountants.com.au/training](http://www.charteredaccountants.com.au/training)**

## **MID-YEAR ECONOMIC UPDATE**

Prof Neville Norman,  
Melbourne University

**Email:** [n.norman@unimelb.edu.au](mailto:n.norman@unimelb.edu.au)

## **SURVIVING A COMPUTER CONTRACT**

Paul Brennan, Brennans Solicitors

**Tel:** 07 5444 2166

**Email:** [paul.brennan@brennanlaw.com.au](mailto:paul.brennan@brennanlaw.com.au)

**Website:** [www.brennanlaw.com.au](http://www.brennanlaw.com.au)

## **MANAGEMENT ACCOUNTING TOOLKIT**

The Institute of Chartered Accountants in Australia

**1300 137 322**

**[www.charteredaccountants.com.au/training](http://www.charteredaccountants.com.au/training)**

## **MORE TAX CHANGES - AND YOU**

Michael Jones, Cummings Flavel McCormack

**Tel:** 03 9252 0800

**Email:** [enquiries@cfmc.com.au](mailto:enquiries@cfmc.com.au)

**Website:** [www.cfmc.com.au](http://www.cfmc.com.au)

## **SHAREMARKET UPDATE**

Tim Lincoln, Lincoln Stock Doctor

**Website:** [www.lincolnindicators.com.au](http://www.lincolnindicators.com.au)

Please contact Lincoln direct for details about its Stock Doctor fundamental analysis software or Managed Fund services.

**Tel:** 1300 676 332 or 03 9854 9444.

## **FROM BANKRUPTCY TO MILLIONAIRE IN 7 YEARS**

Kirsty Dunphey

[www.kirstydunphey.com](http://www.kirstydunphey.com)

[kirsty@kirstydunphey.com](mailto:kirsty@kirstydunphey.com)

## **HOW SMEs CAN LEARN FROM THE SUCCESS OF A GIANT**

Michael Bergdahl,  
former Wal-Mart executive.

Michael is presenting a half-day seminar with the Australian Institute of Management, Victoria & Tasmania. For details or to book the event, phone 03 9534 8181.

# Subscription Form

I would like to subscribe to Chartered Accountants Business in Focus and/or Tax in Focus:

Family name: \_\_\_\_\_ First Name: \_\_\_\_\_

Company: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ Country: \_\_\_\_\_ Postcode: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

Email: \_\_\_\_\_ Member No: \_\_\_\_\_

Age Group *(please tick one)*:  18-25  26-35  36-45  46-55  56-65  >65

Type of Business: \_\_\_\_\_ Number of Employees: \_\_\_\_\_

## Subscription Pricing (GST Inclusive)

Product	Australian Rates		Overseas Rates	
	Members	Standard	Members	Standard
<input type="checkbox"/> Business In Focus – CD	\$385	\$485	\$385	\$485
<input type="checkbox"/> Tax In Focus – CD	\$385	\$485	\$385	\$485
<input type="checkbox"/> Combined (Business in Focus + Tax in Focus) – CD	\$695	\$875	\$695	\$875
<input type="checkbox"/> Business in Focus - Online	\$250	\$300	\$230	\$280
<input type="checkbox"/> Tax in Focus – Online	\$250	\$300	\$230	\$280
<input type="checkbox"/> Combined (Business in Focus + Tax in Focus) – Online	\$450	\$540	\$420	\$500

## Payment Options

Please find enclosed cheque made payable to Business Essentials Pty Ltd for \$\_\_\_\_\_

OR debit my:  Amex  Mastercard  Visa

Cardholder's name \_\_\_\_\_

Card number \_\_\_\_\_

Expiry date \_\_\_\_\_

Signature \_\_\_\_\_

Please send your order details to:

Free Fax: **1800 656 351**

Free Call: **1800 039 098**

Free Post: *send this form, (accompanied by a cheque to)*

Business Essentials Pty Ltd,  
Reply Paid 579, Hawthorn East,  
VIC 3123, Australia  
Tel: +61 3 9882 8333  
Fax: +61 3 9882 8017

Please Note: Upon payment this notice becomes a **TAX INVOICE**. Please retain a copy for your records.

**Business Essentials Pty Ltd** ABN 98 006 144 449  
405 Riversdale Rd Hawthorn East Vic. 3123 Australia

**Privacy Notification** - The Institute of Chartered Accountants in Australia respects the privacy of individuals and acknowledges that the information you provide on this form is protected by the Privacy Amendment (Private Sector Act) 2000. The information collected by the Institute is used for the purpose of processing your registration and providing you information (via email and/or mail) on upcoming events, specific products and services provided by or associated with the Institute. To access a full copy of our policy visit [charteredaccountants.com.au/privacypolicy](http://charteredaccountants.com.au/privacypolicy)



## **Training and Development – at your fingertips**

Keep abreast of the latest development in business and tax in your car, at your desk, or even on the bus!

Your annual subscription will consist of monthly audio updates either on hot topics in business or the latest tax news.

You can choose to have your subscription delivered each month on CD or online. The online version has an optional MP3 download capability enabling you to keep up-to-date via your iPod®, compatible mobile phone, PDA or any other MP3 device.



**Chartered  
Accountants**

NUMBER ONE IN NUMBERS



As a fellow Business Essentials listener, I share your enthusiasm to learn from the expertise of others to achieve your business and lifestyle goals.

For over 20 years, Lincoln has specialised in developing intelligent share market solutions to help investors achieve their investment goals.

The Lincoln Australian Share Fund is an ideal investment option for busy professionals to access Lincoln's unique financial health approach, which professionally hand picks quality, undervalued stocks for inclusion in our Australian Share Fund.

It's no coincidence that our Managed Fund's FY06 performance was ranked No.1 in its class by investment research firm Morningstar\*.

Apply for an information pack today by calling **1300 676 332**.

[www.lincolnindicators.com.au](http://www.lincolnindicators.com.au)

Yours sincerely,

**Tim Lincoln**  
Managing Director  
Lincoln

# Are you maximising your portfolio returns?



Investments can go up and down. Past performance is not a reliable indicator of future performance. \*For more information about this performance ranking and for actual performance returns see our website. A Product Disclosure Statement (PDS) for the Lincoln Australian Share Fund is available on our website or by calling us. You should consider the PDS in deciding whether to acquire or continue to hold the product. Lincoln Australian Share Fund ARSN 111 734 279 (APIR ETL0043AU) Investment Manager: Lincoln Indicators Pty Ltd ACN 006 715 573 AFSL 237 740 Responsible Entity: Equity Trustees Ltd ABN 46 004 031 295 AFSL 240 975.





## **In-House Training that really measures up**

For tailored In-House Training that provides your business with a competitive edge – turn to the experts at the Institute of Chartered Accountants in Australia.

We now offer customised training in three main areas – technical, general business and people skills.

If you would like more details about this or other products and services provided by Training and Development please contact us directly at:

The Institute of Chartered Accountants  
in Australia, 37 York Street,  
Sydney NSW 2000

Ph: 1300 137 322

Email: [support@icaa.org.au](mailto:support@icaa.org.au)

[charteredaccountants.com.au/training](http://charteredaccountants.com.au/training)



**Chartered  
Accountants**

NUMBER ONE IN NUMBERS