

Chartered Accountants

Business **in focus**

Monthly audio program > presented by Michael Schildberger

August 07



The extras



Chartered
Accountants

NUMBER ONE IN NUMBERS



We're often told we should focus only on our clients who deliver the best profit. Indeed we should try hard to lose those who actually cost us money, sometimes referred to as "toxic" clients. And when we go marketing for new customers we should only search for the minority who will produce profit for us. We know that all makes business sense - but do we know how to capture profitable clients? With sound advice is Tony Gattari, Chief Executive of Achievers Group. You'll hear him on this month's CD.

We all encounter difficult people both in business and in our private lives, but how do we deal with them? Professional speaker and life and business coach, Richard Day of Richard Day & Associates has several answers, including the power of "I".

Accounting firms need to be up to date with reforms to legislation covering anti money laundering and counter terrorism financing, according to Chris Cass of Deloitte Touche Tohmatsu. He explains the reforms and what accountants should do now to comply.

Several changes to financial reporting and auditing face SMEs today and new proposals are in the pipeline. So advises FCA Colin Parker of GAAP Consulting who summarises the revised rules.

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I hope you enjoy the CD and this booklet.

A handwritten signature in black ink that reads "Michael". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Michael Schildberger
Managing Director

Track 1

ANTI MONEY LAUNDERING

Chris Cass, Deloitte Touche Tohmatsu

- > In response to increasing awareness of the roles that professional advisors can play in money laundering and terrorism financing, the Australian Government has extended the new Anti Money Laundering /Counter Terrorism Financing reforms to the accountancy profession
- > The AML/CTF reforms apply to those entities called “reporting entities” which provide “designated services” to customers. Reporting entities include lawyers, accountants, real estate agents and jewellers
- > The AML/CTF reforms involve a risk-based approach and include customer identification, record keeping, monitoring and reporting requirements
- > Penalties for non-compliance include custodial sentences and fines of up to \$11 million for corporates and \$2.2 million for individuals, per offence
- > Accounting firms should assess the implications of AML/CTF obligations and determine what they need to do now.

Track 2

FINANCIAL REPORTING FOR SMEs

Colin Parker FCA, GAAP Consulting

The financial reporting and auditing issues facing SMEs today include:

- > The revisions of the size test for large proprietary companies, and continuance of the grandfathering provisions
- > The first annual reporting period where the legally-backed auditing standards apply which changes the nature of the relationship between the company and auditor
- > The second reporting period of application of Australian equivalents to International Financial Reporting Standards, and consideration of amending standards and early adoption of new standards
- > The continued uncertainty in the minds of some over the application of the recognition and measurement rules to companies preparing special purpose financial reports under the Corporations Act
- > The proposed changes to differential reporting regime in Australia, and specific Accounting Standards for SMEs
- > The Federal Government's flagging of changes to financial reporting and auditing of public companies.

This month's **essentials**

Track 3

ELECTIONS AND THE ECONOMY

Prof Neville Norman, Melbourne University

- > Elections and electoral outcomes impact on the economy and business
- > It's often adverse - retail sales especially, mostly just short term
- > Biggest business risk: New structural policy changes unfriendly to business and enterprise, especially those not well thought through. Worst example: 1970s
- > Risk factors: Wealth tax, super tax reversions, uncorrected fiscal drag
- > Performance of the Howard Government since 1996: No recession, weathered Asia crisis, 9/11, SARS. BUT: Rate rises, house price acceleration, poor productivity outcome
- > Policy initiatives: GST, new IR system, tax and super changes; but omissions - especially re. small business
- > Better economic manager? Huge pressures on an ALP alternative to manage short-term movements in the economy as well as the Howard Government has done. Example: Hawke Government. However, uncertainties over IR, green policy, high-income and high-wealth tax treatments.

Track 4

THE SILENT KILLER IN YOUR WORKPLACE

Sarah Allen, Appliance Tagging Services

- > Out of sight, out of mind make electrical faults a very serious hazard
- > There's a huge demand now for electrical testing and tagging
- > All businesses should develop an electrical safety management program
- > There are legal requirements in many states and all employers have a duty of care
- > Documented evidence will lessen the pain of litigation or an investigation
- > Getting experts to help is easier and more cost effective

Track 5

CAPTURING YOUR MOST PROFITABLE CLIENTS

Tony Gattari, Achievers Group

- > Often we want the big client without understanding how much it costs us
- > We can often make more money by selling to smaller accounts
- > Don't mistake turnover for profitability
- > Try to grade your customers. A is "awesome", B is "basic", C is "can't deal with" and D is "dead"
- > When you understand the characteristics of your good clients you can go out and find more of them
- > Too often the business controls the owner, not the other way around
- > Don't be afraid to "sack" a bad client

Track 6

DEALING WITH DIFFICULT PEOPLE

Richard Day, Richard Day & Assocs.

- > Always establish what your fundamental right is in this situation
- > Practice "I" statements such as "I feel really uncomfortable when you speak over the top of me" as opposed to accusatory "you" statements e.g. "You make me very angry when you speak over the top of me"
- > "I feel (state your emotion).....when you (state the offending behaviour)....and I would appreciate (state your preferred outcome)
- > Quite simply this is a strategy that is used to corner your opponent to either agree with your point of view or seek a reasonable compromise
- > Strategically close off all counter arguments and escape routes
- > Get agreement or a compromise that you are happy with

Track 7

PROTECTING BUSINESS SECRETS

Paul Brennan, Brennans Solicitors

- > There's an implied duty to keep things in a business secret
- > It would be wise to include a confidentiality clause in employment contracts
- > Restrict yourself to the secrets that really count - don't be too general
- > Your rights over consultants are one step removed - beware
- > For a breach of confidentiality to become actionable, the courts will consider the degree of confidentiality, how it was given, and was it used to the detriment of your business?
- > Injunctions are not given lightly and can be very expensive - many people get involved in a raid!
- > Before going through the courts, consider carefully if the stolen secrets are really important to your business. Don't just act on hurt pride.

Track 8

MANAGING OUTSOURCED CONTRACTS

Cyril Jankoff, Business Education and Consulting

- > Outsourcing lets us focus on what we do best, it saves resources, gives us flexibility, reduces risk and helps us expand our repertoires of goods and services
- > Watchouts: Poor selection of the other party, documentary problems, lack of understanding about what's involved, lack of monitoring of the agreement
- > Follow 3 stages: Negotiations, legal aspects, business management
- > Put time in beforehand to make sure the contract is developed properly
- > Make sure the relevant parties know what's in the contract
- > Keep an eye on the risks and the contractor
- > At the end of the contract, summarise for the next time.

Track 9

SUPER OPPORTUNITIES WITH CGT CONCESSIONS

Michael Jones, Cummings Flavel McCormack

- > Business owners can make super contributions up to \$1m using the proceeds from the disposal of qualifying small business assets
- > Small Business tax concessions: 3 fundamental tests:
- > Active asset (an investment property is not an active asset, but a property used in a business and rented from a related entity is an active asset)
- > The asset sold is subject to CGT (some IP such as software is a depreciating asset for tax purposes and not subject to CGT. Pre-CGT assets are OK and losses do not prevent a super contribution)
- > 50/50 partnership with assets worth \$8m means \$8m is included in each partner's calculation

Track 10

SHAREMARKET UPDATE

Tim Lincoln, Lincoln Stock Doctor

- > Concerns about rising bond yields and the sub prime lending market in the US has caused a slight impact - only short term
- > Large sums of money are now flooding into super
- > Investors need to decide on the tools, services and advice they need
- > They must understand and feel passionate about their choices
- > Investing in blind faith can lead to disaster
- > It's time to gear up for the next reporting season
- > Stand out performers: BHP, Rio, Seek, Bradken, JB Hi-Fi, Monadelphous, QBE and St George.

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

ANTI MONEY LAUNDERING

The Institute of Chartered Accountants in Australia

1300 137 322

www.charteredaccountants.com.au/training

FINANCIAL REPORTING FOR SMEs

The Institute of Chartered Accountants in Australia

1300 137 322

www.charteredaccountants.com.au/training

ELECTIONS AND THE ECONOMY

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THE SILENT KILLER IN YOUR WORKPLACE

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CAPTURING YOUR MOST PROFITABLE CLIENTS

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DEALING WITH DIFFICULT PEOPLE

The Institute of Chartered Accountants in Australia

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www.charteredaccountants.com.au/training

PROTECTING BUSINESS SECRETS

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Contact AIM direct at www.aimvic.com.au for details about the contract management courses run by Cyril Jankoff or telephone Cyril direct on 0414 819 157

SUPER OPPORTUNITIES WITH CGT CONCESSIONS

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SHAREMARKET UPDATE

Tim Lincoln, Lincoln Stock Doctor

Website: 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.



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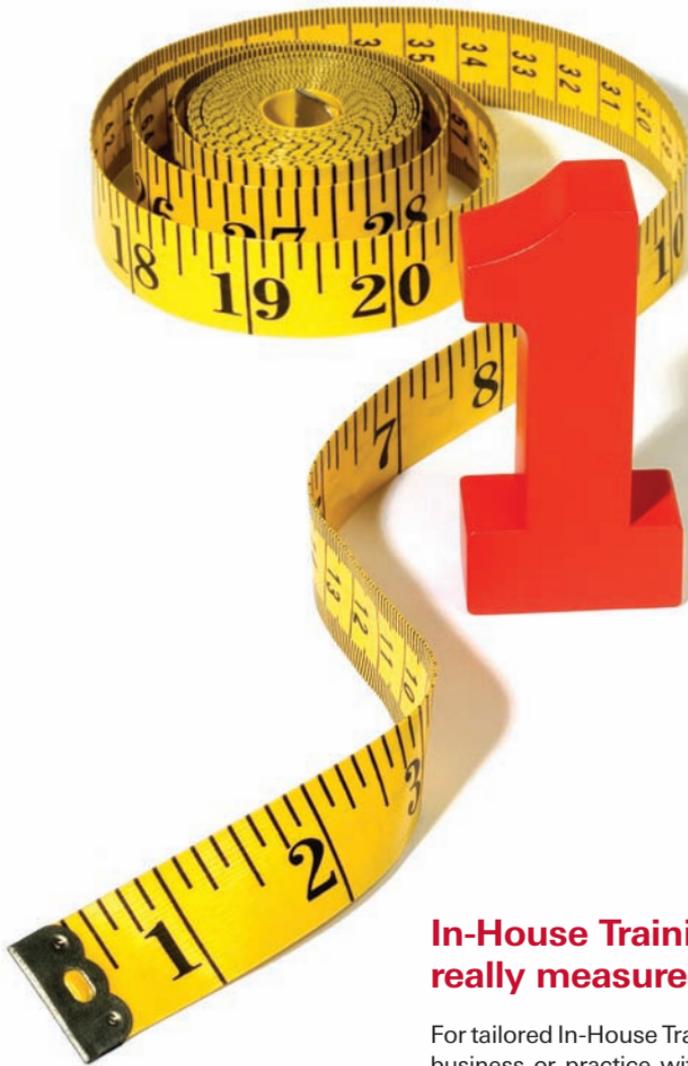
Yours sincerely,

Tim Lincoln
Managing Director
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