

Chartered Accountants

Business **in focus**

Monthly audio program > presented by Michael Schildberger

June 08

The extras



Chartered
Accountants

NUMBER ONE IN NUMBERS



You don't have to be able to read or write, let alone use a calculator to turn over millions of dollars a year. You see, business is simple - according to Beechworth Baker Tom O'Toole - but it's not easy. In other words, Tom says you simply need to determine what you want to achieve, get it written down and follow your goals. It's not easy because you can encounter many obstacles but you'll get there, as he has. Tom, who says he can't read or write, now has six Beechworth Bakeries around Victoria which he says he visits regularly but spends much of his time making speeches.

Tom has found an excellent business partner and manager so he has made himself "redundant". He won't mind me saying he's as crazy as ever but has learnt from his many experiences, advice he is now passing on. I'm sure you'll enjoy my interview with him on this month's program.

And on the subject of experience we call on two "regulars" on these programs to share their expertise analysing the bottom line impact of the new government's first budget on small to medium-sized businesses. Professor Neville Norman gives us the big picture and its effects on us and Michael Jones of Cummings Flavel McCormack looks at the tax issues.

Due diligence on the acquisition and sale of SMEs is not well understood, according to Jeffrey Luckins of Webb Group. He gives us his thoughts.

John Sears of Jones Lang LaSalle tells us that Australia's property industry is a tale of two markets.

Fee recovery is an important issue for all accounting practices, and Michael Todd of Ontime Payment Solutions gives us his recipe.

I hope you enjoy this June 2008 edition and gain plenty from it.

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Track 1

DUE DILIGENCE ON ACQUISITION & SALE OF SMEs

Jeffrey Luckins, Webb Group

- > Financial due diligence is a subject of mystery and not well understood because these services are not defined
- > Auditing standards provide accountants with an appropriate framework for addressing and reporting on financial due diligence services
- > Assessing the acceptable risk tolerance is the key to the financial due diligence process
- > Financial due diligence services are value added services, which address the issue of risk management before completing a sale contract
- > Understanding your client is crucial for advising on whether to proceed with a transaction

Track 2

PROPERTY INDUSTRY OUTLOOK

John Sears, Jones Lang LaSalle

- > Australian commercial property is “a tale of two markets” - a generally strong rental market but the investment market has suffered from the global credit crunch
- > Vacancy rates in CBD office markets are at 20 year lows with demand expected to remain strong and supply limited
- > Vacancy rates in enclosed shopping centres are very low and rental growth of around 3% to 5 % per annum can be expected
- > Higher borrowing costs from the global credit crunch have driven investment yields higher, though relatively strong rental growth is helping to offset price declines.

This month's **essentials**

Track 3

FEDERAL BUDGET & THE ECONOMY

Professor Neville Norman, Melbourne University

- > Economic growth and inflation still 'warm' - confirmed by the Budget
- > Both have helped produce a record surplus with limited spending cuts and implementation of all election promises
- > Coal and resource boom numbers helped as well, as did tax collection activities
- > But the 2% surplus is less restraining because of the income distribution shifts in an 'egalitarian' budget
- > It will support lower interest rates in coming months
- > Some slight dangers lurk for price and wage increases
- > For the first time, GST numbers are absorbed into the budget
- > NO American recession is predicted, or major fallout from the subprime crisis
- > Business can be pleased with the setting and overall policy

Track 4

FEDERAL BUDGET & TAX

Michael Jones, Cummings Flavel McCormack

- > Tax cuts - theoretically, people on the top marginal tax rate save \$50 a week, but in reality are they better off?
- > Family trust elections - limit placed on who satisfies the definition of family member
- > Small business CGT concessions - wider access for small business entities
- > Superannuation - government clearing house to assist in the administration of employer super contributions
- > Fringe benefits tax - change of policy on FBT exemption and depreciation for laptops and blackberries
- > New integrity measures for employee share plans

Track 5

BUSINESS: IT'S SIMPLE - NOT EASY!

Tom O'Toole, Beechworth Bakery

- > We now have six bakeries across Victoria, all named Beechworth Bakery no matter where they are. It's our brand
- > I'm "redundant" after handing over a "dictatorship" business to structured management. It was difficult to do
- > I believe in the culture of giving managers "ownership" of the business
- > It's all about what the customer wants - not what I want
- > Business is so simple that people often miss the point. But it's never easy.

Track 6

PLUNGING INTO FRANCHISING

John O'Brien, PoolWerx

- > Franchising is a means of bringing order to fragmented industries
- > Think global from the start
- > "Intrapreneurs" - people who want to build a business in an existing framework - make the best franchisees
- > Fewer franchisees making greater profits is the PoolWerx recipe for success
- > Australian franchising's success is built on strong relationships and few disputes
- > There's still plenty of scope for growth in Australia, but innovation is essential.

Track 7

SUCCESSFUL FEE RECOVERIES

Michael Todd, Ontime Payment Solutions

- > Three principles underpin the successful management of accounts receivable: "Start Early", "Always Be The Good Guy" and "Become Very Hard To Ignore"
- > "Start Early" - Categorise all accounts - Create a "new client procedure" and "credit policy" for the practice
- > "Always Be The Good Guy" - Establish a Collection Hierarchy - Speak the good news and write the bad news
- > "Become Very Hard To Ignore" - Use emails and text messages - Become a professional nagger - Get payment arrangements in writing

Track 8

PROTECTING YOUR INTELLECTUAL PROPERTY

Ben Hamilton, Hall & Wilcox Lawyers

- > Understand at least the basics of IP - it will help you understand your competitive position, what you actually own, your position when licensing, and if employees leave, what they can and can't take with them
- > Conduct trade mark searches before adopting a new brand
- > Try to adopt distinctive trade marks - descriptive names are harder to protect
- > Obtain upfront assignments of copyright when using independent contractors
- > Conduct IP due diligence when buying or licensing IP.

Track 9

SHAREMARKET UPDATE

Tim Lincoln, Lincoln Stock Doctor

- > The sharemarket was up 15% in April from its low in March
- > It worries me when so-called experts tell people to liquidate their stocks when the market is near its low point
- > The Lincoln Wholesale Australian Share Fund has received a five-star rating from Morningstar for its performance over three years
- > Volatility and uncertainty remain but it's still a great opportunity to invest in great companies trading at a 20% discount
- > Stock favourites: BHP, CSL, Leighton Holdings, Incitec Pivot, JB Hi-Fi, Imdex.

Track 10

THINK SUSTAINABILITY TO SURVIVE

Rob Gell, Access Environmental

- > Ecologically sustainable development means businesses re-thinking how they do things
- > Unless sustainability is built into business planning the business won't win
- > We need to reduce energy use immediately if we're going to avoid "frying" by mid-century
- > If we build in energy saving to the business plan it's good for the business - and the planet
- > There are real opportunities in marketing your business as an energy saver
- > Big technology is 15 years away but many renewable energy options are there now.

For more information about the topics discussed on this June 2008 program, please contact the relevant organisations listed below.

DUE DILIGENCE ON ACQUISITIONS & SALE OF SMEs

The Institute of Chartered Accountants in Australia

1300 137 322

www.charteredaccountants.com.au/training

PROPERTY INDUSTRY OUTLOOK

The Institute of Chartered Accountants in Australia

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FEDERAL BUDGET 2008

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BUSINESS: IT'S SIMPLE - NOT EASY!

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PLUNGING INTO FRANCHISING

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SUCCESSFUL FEE RECOVERIES

The Institute of Chartered Accountants in Australia

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PROTECTING YOUR INTELLECTUAL PROPERTY

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SHAREMARKET UPDATE

Tim Lincoln, Lincoln Stock Doctor

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

Website: www.lincolnindicators.com.au

THINK SUSTAINABILITY TO SURVIVE

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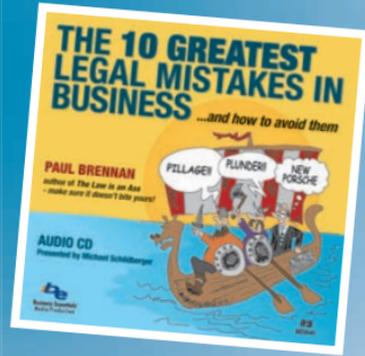
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THE 10 GREATEST LEGAL MISTAKES IN BUSINESS ...and how to avoid them

AUDIO CD PLUS EBOOK



It is difficult for even the most creative business person to commit entirely new legal mistakes. They've all been done before - many, many times. Often people wait until they are desperate before they see a lawyer about a legal problem - this just seems to be human nature. But you don't need to learn the hard way.

You can avoid legal mistakes if you know what is coming.

Paul Brennan, author of *The Law is an Ass - make sure it doesn't bite yours!* lists the top 10 legal mistakes in business - plus other legal minefields. And it couldn't be easier. You can listen to the CD and then reinforce the key messages by reading the eBook.

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