

Chartered Accountants

# Business **in focus**

Monthly audio program > presented by Michael Schildberger

December 08



## The extras



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Yes, you can prosper and not just survive in tough times. At Business Essentials we've been through recessions and we've helped to guide our subscribers through them - for which they've given us heaps of praise. On this month's CD we've gathered some important information to ensure we help you through the current situation. For example, do lots of marketing without spending much money. Analyse your own strengths and build on them. Take advantage of the market place in your area where others might be over cautious and fearful - "steal" their clients.

To give us an overview of the economic road ahead we hear from our regular economist Professor Neville Norman who has been right about interest rate cuts when all others have been wrong. Not only does he tell us more about interest rates but he has a seven-point plan on handling tough times.

Handling ASIC's inspection focus for auditors is the speciality of chartered accountant Michael Cain of Nexia ASR and you'll hear his observations.

Julie Bennett of 64 Media tells you how to build a media profile - another positive in a tough climate.

And asset rental finance is another funding alternative. Guy Barnes of Global Rental & Leasing explains how it works.

We will continue to help you through this economic crisis. Enjoy this month's program and this Extras booklet.

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Michael Schildberger  
Executive Chairman

## Track 1

### AUDITORS' HOT TOPICS

Michael Cain FCA, Nexia ASR

- > ASIC's inspection program helps maintain and raise the standard of conduct in the auditing profession through compliance monitoring
- > The focus on audit quality promotes compliance with the requirements of the Corporations Act, auditing standards, and professional and ethical standards
- > Primary focus is on the audit firm's creation of effective quality control policies and procedures to be compliant with the key elements of ASA 220 and APES 320, in particular auditor independence and audit quality
- > Focus is now extended beyond monitoring compliance but also an assessment of the auditor's conclusions in relation to significant audit judgments made
- > ASIC's conclusion is that the quality of auditing in Australia is fundamentally sound.

## Track 2

### THE ECONOMY

Professor Neville Norman, Melbourne University

- > When the history of 2008 is written it will show:
  - > First full year of a new Government handling biggest financial crisis for decades
  - > World-wide credit crisis, percolating into fearful confidence effects
  - > Severe jack-knife interest rate behaviour - up and strongly down
  - > Budget surplus forecasts plundered
- > It will not show "recession" even though we have much data yet to collect on this
- > Make a judgment on how bad this will be - not generally, but for your sector
- > Seek positive opportunities from failing firms
- > Share much more with your bankers/financiers

# This month's **essentials**

## Track 3

### USE YOUR "INSIDE ADVANTAGE"

Robert Bloom, US Author

- > Growing your business is imperative and urgent in a global recessionary economy
- > Growth from within is the fastest, surest and least expensive method available
- > What a business does best, that singles it out, is its Inside Advantage
- > Foster your existing customer base - so they're aware of your Inside Advantage
- > Exploit it in all your advertising, marketing and brand promotion
- > Bring your management team together to identify the Inside Advantage and how to use it - their enthusiastic support is essential

## Track 4

### GET OUT AND SELL

Tony Gattari, Achievers Group

- > Your attitude will determine what you do
- > A lousy attitude gives you no activity. A great attitude gives you results
- > If a competitor has a "victim" mentality you can pick up their market share
- > Harvey Norman, even now, is spending big on advertising. It works
- > You don't need to spend all your own money. Form a marketing partnership with a supplier because you both benefit
- > Learn to turn your prospects into customers

## Track 5

### ASSET FINANCE

Guy Barnes, Global Rental & Leasing

- > Rental finance is an excellent way to conserve capital
- > Financier invests equity into the transaction so rates are kept lower than banks
- > 4 key benefits of rental finance:
  - > Cheap: Low interest rates (up to 50% < bank rates) because of equity investment, and no line fees
  - > Unsecured: Balance sheet remains unencumbered
  - > Flexible: Renter can swap assets in and out of the facility with no increase in costs
  - > End of term certainty: Data cleansing (IT) and environmental disposal are managed by financier
- > What assets can be rented? IT&T, medical equipment, office fitout and other rapidly depreciating assets

## Track 6

# BUILDING A MEDIA PROFILE

Julie Bennett, 64 Media

- > Choose the media your clients really read, watch and listen to and develop key messages
- > If there are skeletons in your closet, address them - they might fall out during an interview
- > Read the papers, watch TV reports, listen to the radio, scour the blogs, have a clue
- > Listen to different views on topics which interest your clients and potential clients - then form your own
- > Play 20 questions: Ask yourself 10 questions on an issue, make 10 points. Then make 10 counter points. What would you argue if you were debating yourself?
- > It's not what you say, it's how you say it

## Track 7

# SHARING OWNERSHIP OF A BUSINESS

Patrick Holt, DC Strategy

- > Look at your entity structure. Does your corporate documentation allow for minimal or maximum effort?
- > Why do you want to change the structure?
- > If you bring in employees as shareholders they have rights like voting
- > The alternative to employee equity is to offer profit sharing such as bonuses
- > If you give employees shares they're not nearly as committed
- > You need shareholders agreements in case equity holders leave
- > Remember that you're creating a new corporate entity with new legal obligations

## Track 8

### WATCH YOUR CHEQUES!

Wayne Gladman, Fraud Risk Solutions

- > A lot of fraud is committed through the issuing of or reconciliation of cheques
- > Your vulnerability is often from within, from your own staff
- > Don't allow one person to be responsible for all aspects of cheque handling
- > Beware how you write cheques - make it hard to alter figures
- > Create a purchase order when issuing cheques and give every invoice a purchase order reference
- > Make payments on an original invoice and endorse each invoice when paid
- > Cheques should be sent out by someone other than the person who prepared them
- > Every job or cost centre should have a budget which can be measured

## Track 9

### SHAREMARKET UPDATE

Tim Lincoln, Lincoln Stock Doctor

- > I have no predictions about the short term but it's still a lifetime opportunity
- > It's a good time to get our portfolios into top shape and possibly drip feed into the market without over committing
- > Our current strategy is 80% to the bigger stocks
- > Many smaller stocks are struggling and we've removed some from our Star Stock list
- > When a company has a profit downgrade it's time to think about selling
- > Stocks of the month: CSL, Woolworths, Cochlear, BHP, Westpac, St. George, Fleetwood, Reject Shop, JB Hi-Fi, SMS

## Track 10

### TAX: SHARE LOSSES / TAX DEDUCTIONS FOR INTEREST PAYMENTS

Michael Jones, Cummings Flavel McCormack

Losses from shares:

- > Tax losses only exist once the share is sold
- > Capital losses can only be offset against capital gains
- > Revenue losses are incurred if you're conducting a share trading business

Tax deductions for interest payments:

- > The use of the funds determines tax treatment
- > Income producing use will get a tax deduction for interest
- > Problems can arise when a single loan is used for mixed purposes
- > It's better to have separate loans, one for income producing purposes and one for private purposes

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

## AUDITORS' HOT TOPICS

The Institute of Chartered Accountants in Australia

**1300 137 322**

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

## THE ECONOMY

Prof Neville Norman,  
Melbourne University

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

## USE YOUR "INSIDE ADVANTAGE"

Robert Bloom, US Author  
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**Website:** [www.businessconnect.com.au](http://www.businessconnect.com.au)

## GET OUT AND SELL

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

## ASSET FINANCE

The Institute of Chartered Accountants in Australia

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## BUILDING A MEDIA PROFILE

The Institute of Chartered Accountants in Australia

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

## SHARING OWNERSHIP OF A BUSINESS

Patrick Holt, DC Strategy

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

## WATCH YOUR CHEQUES

Wayne Gladman, Fraud Risk Solutions

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

## SHAREMARKET UPDATE

Tim Lincoln, Lincoln Stock Doctor

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

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

## TAX: SHARE LOSSES

## TAX DEDUCTIONS FOR INTEREST PAYMENTS

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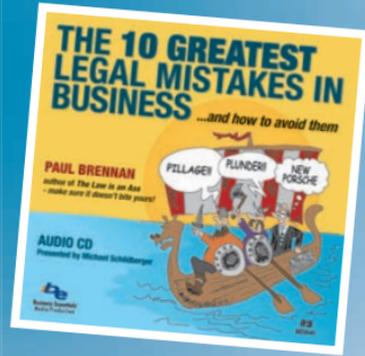


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# THE 10 GREATEST LEGAL MISTAKES IN BUSINESS ...and how to avoid them

## 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.

## YOU WILL LEARN HOW TO:

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