

Chartered Accountants

Business **in focus**

Monthly audio program > presented by Michael Schildberger

June 09

Huge rewards for persistence

*Carolyn Creswell,
Carman's Fine Foods*

The extras



Chartered
Accountants

NUMBER ONE IN NUMBERS



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When we think about client service do we consider our internal clients, such as suppliers and our staff? We try to look after our staff in terms of pay and amenities but do we do enough to ensure they enjoy their time at work and that they're kept well informed? Do we do enough to encourage them to participate in everyday activities, to communicate their thoughts? A very successful entrepreneur, Carolyn Creswell, creator of Carman's Fine Foods, has given much thought to these issues and has built a substantial global business. To get the most value from her team, she provides an office nanny and encourages her staff to eat together at lunch each day. Carolyn's achievements make good listening.

In terms of achievements, we must again praise our economist Professor Neville Norman. When he forecast last year that we would see the start of an economic recovery later this year, the so-called experts laughed. Now, the Governor of the Reserve Bank and US leaders are saying the same. More from Neville Norman and his thoughts on how the Federal Budget will impact small to medium businesses on this month's CD.

The International and Australian Accounting Standards Board has released an exposure draft which will mean changes to Standards. Chartered accountant Debbie Hankey of Deloitte says that even though they won't come into effect until 2011, companies should be aware of them now. She explains what's involved.

How do businesses achieve a turnaround in these tough times? John King of AJK Consulting has some hints.

And in such an uncertain climate what are the planning opportunities for SMSFs? There are several, according to Claire Malone of DBA Butler Lawyers. She outlines them on this CD.

Enjoy.

Michael Schildberger
Executive Chairman.

Track 1

BUSINESS TURNAROUND IN DIFFICULT TIMES

John King, AJK Consulting

- > To achieve major business turnaround in any economic conditions focus only on that which is big enough to make a difference
- > Establish your desired strategic outcomes and determine the facts about your current performance, the current business environment and possible future scenarios
- > Calculate the DAILY gap between current and target performance. Focus on this daily opportunity cost instils urgency in the turnaround which an annual figure does not
- > Sell or close non-core businesses, products and services. Stop servicing non-core and unprofitable customers
- > Eliminate unnecessary processes, then improve the effectiveness and efficiency of essential processes
- > DON'T do across-the-board cost cuts which penalise essential services while retaining unnecessary costs

Track 2

SMSFs IN A DOWNWARD MARKET

Claire Malone, DBA Butler Lawyers

- > Those at risk of insolvency should be mindful of amounts in and out of their SMSFs
- > Current conditions can create opportunities to lock in a high proportion of tax free benefits when commencing a pension
- > Pensioners should consider unsegregated pension assets in current market conditions
- > Members in financial difficulty can access super on financial hardship, compassionate and other grounds but must satisfy all requirements
- > Some employees may be entitled to roll certain termination payments into super

This month's essentials

Track 3

THE FINANCIAL YEAR AHEAD

Professor Neville Norman, Melbourne University

- > It's official: big deficits and debts for a few years. That's evident from this table:

Fiscal Balance, \$bn	2008/09	2009/10	2010/11	2011/12	5yr to June 12
May 08 Budget	23.4	22.4	22.3	22.6	90.7
Nov Mid Yr Review	5.8	7.1	6.7	10.1	29.7
Feb Fiscal Update	-22.4	-33.3	-31.5	-23.9	-111.1
May 09 Budget	-32.1	-57.6	-57.1	-44.5	-191.3
T/around in 12mths	-55.5	-80	-79.4	-67.1	-282

- > The main causes are a huge reduction in expected tax revenues, especially company tax
- > Looking into all the program and tax policy announcements, my main reflection is how little was done to claw back these big deficits
- > Business needs to ask these questions:
 1. Is the government scared about the consequences of being tougher?
 2. Is this postured on an early election, with the real tough stuff coming later?
 3. Are the economic forecasts credible?
- > My answer to Question 3 is to cast doubt on them: if growth is better than the Budget projections, revenue and budget outcomes next year will look better still
- > The Government underpins its gloomy forecasts by expecting a big slash in private business equipment spending. Being so gloomy won't help

Track 4

POST-BUDGET TAX UPDATE

Michael Jones, Cummings Flavel McCormack

- > Small business investment allowance increased and extended
- > Use of private company property by shareholders to be taxed
- > Non-commercial loss rules tightened
- > Maximum tax-deductible superannuation contributions halved
- > 50% reduction in minimum pension payments retained for 2010 tax year
- > Exemption removed for Australians working overseas for more than 90 days

Track 5

PROPERTY: THE STATE OF PLAY

Nicholas Don, Odyssey Financial

- > The housing market is very active, particularly in the middle range
- > Low interest rates and high rental yields are attracting investors uncertain about the sharemarket
- > Fixed interest rates remain a good proposition – before official rates start to rise again
- > Business owners without the time to explore options should work through independent advisers, not just for finance but for insurance too
- > The future looks brighter – building approvals have risen steadily in recent months
- > That activity can be expected to flow on quickly into construction and building services

Track 6

HUGE REWARDS FOR PERSISTENCE

Carolyn Creswell, Carman's Fine Foods

- > Running a business while still a student was tough, but the effort paid off
- > Sheer persistence was the key to bringing the major supermarkets and Qantas on board as customers
- > The company's now exporting to 23 countries, with the US market holding most potential
- > Keeping the workforce happy is crucial. We use simple but imaginative strategies to maintain their motivation
- > An "office nanny" makes sure simple but important tasks are done and help is always available
- > Work-life balance is important. I limit my hours in the business, but I'm totally focused when I'm there

Track 7

ACCOUNTING FOR UNCERTAIN TAX POSITIONS

Debbie Hankey CA, Deloitte

- > A recently issued exposure draft proposes new rules for accounting for uncertain tax positions
- > The weighted probability approach will require assessment of potential outcomes on all outstanding uncertain positions
- > The requirements will need retrospective assessment of uncertain positions outstanding at implementation
- > The disclosures required will give the ATO a road map to companies' assessment of their positions
- > There are other significant changes being proposed by the exposure draft in relation to tax effect accounting

This month's **essentials**

Track 8

WORKING UNDER NEW IR RULES

Joydeep Hor, Harmers Workplace Lawyers

- > The new Fair Work Act which comes into effect on July 1 2009 replaces the Howard Government's Work Choices legislation
- > The main impact on small to medium-sized businesses will be potential unfair dismissal claims
- > Previously companies with 100 or fewer employees were virtually immune. Now it'll be 15 or fewer
- > Even companies with 15 or fewer staff will have to demonstrate compliance with a small business fair dismissal code
- > Contractors and casual staff will be dealt with separately
- > Business owners now should carefully assess their exposure to changes

Track 9

MAKING MORE OF THE INTERNET

Tim Reed, MYOB Australia

- > The MYOB Australian Small Business Survey shows that 60% of businesses don't have a website
- > They're missing out because more Australians are shopping online or researching to shop online
- > The reasons are possibly fear and until recently the business environment has been so good
- > The biggest opportunity in a website is establishing new client relationships
- > Even if people buy in-store they often find store locations on the Net
- > Now is a great time to do it in this tough business environment

Track 10

SHAREMARKET UPDATE

Tim Lincoln, Lincoln Stock Doctor

- > The recent surge has been welcome, but the market remains unpredictable
- > Economic indicators like retail sales and unemployment have produced unexpected results which increase the confusion
- > Investors "bottom-fishing" for bargain stocks have added to the market activity
- > The latest Lincoln Health of the Market Report shows only a slight decline, raising hopes that a recovery could be under way by December
- > Star stocks: Reckon, Wotif.com, CSL, Woolworths, JB Hi-Fi, Westpac and BHP Billiton

For more information about the topics discussed on this June 2009 program, please contact the relevant organisations listed below.

BUSINESS TURNAROUND IN DIFFICULT TIMES

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

SMSFs IN A DOWNWARD MARKET

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

THE FINANCIAL YEAR AHEAD

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POST-BUDGET TAX UPDATE

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PROPERTY: THE STATE OF PLAY

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HUGE REWARDS FOR PERSISTENCE

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WORKING UNDER NEW IR RULES

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MAKING MORE OF THE INTERNET

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SHAREMARKET UPDATE

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