

Chartered Accountants

# Business **in focus**

Monthly audio program > presented by Michael Schildberger

November 09



## Finding finance for the recovery

### The extras



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Accountants

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As we head into economic recovery, businesses might well be looking for funding to help them grow and benefit from what should be good times ahead. But from the feedback we're getting the banks are still playing tough. Surprising isn't it, because the banks depend on lending us money for their own livelihood. An expert in helping businesses grow is Adrian McFedries, Managing Director of DC Strategy, and raising money is obviously an area on which he concentrates. We hear his views on this month's CD.

As well as cutting costs we always need to find ways of boosting revenue. Do we know enough about using social media? Not only do we need to understand the importance of it all, we need to learn how best to use social media to our benefit. Jay McCormack is an expert and we ask him to please explain!

Another communication disciple is Julianne Bell of Financial Writers Australia. She preaches that chartered accountants must communicate with clients or risk losing them. She tells us how to do it.

Amanda Gore, a lady I've known for many years, also is a great communicator. She gives wonderful speeches on how to enjoy life and create a far brighter and more productive work place in the process. She will motivate your thinking on this CD.

Big changes are on the way for employee share schemes. Ben Travers of KPMG brings us up to date.

And challenges are ahead for accountants as the National Water Initiative addresses water resources accounting. Mike Smith, Chairman of the Water Accounting Standards Board, explains in detail.

You'll find this Extras booklet is smaller than in the past – but you will find "The Essentials" online in the member area at [www.be.com.au](http://www.be.com.au)

Enjoy this month's CD and hopefully gain from what you hear.

**Michael Schildberger**  
Executive Chairman

# Information

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

## EMPLOYEE SHARE SCHEMES

The Institute of Chartered Accountants in Australia 1300 137 322  
[www.charteredaccountants.com.au/training](http://www.charteredaccountants.com.au/training)

## CLIENT COMMUNICATION

Julianne Bell, Financial Writers Australia  
**Web:** [www.financialwriters.com.au](http://www.financialwriters.com.au)

## ECONOMIC UPDATE

Professor Neville Norman, Melbourne University,  
**Email:** [neville.norman@unimelb.edu.au](mailto:neville.norman@unimelb.edu.au)

## FINDING FINANCE FOR THE RECOVERY

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## ENJOY LIFE – AND INSPIRE OTHERS

Amanda Gore  
**Tel:** 07 5326 1526  
**Web:** [www.amandagore.com](http://www.amandagore.com)

## NATIONAL WATER INITIATIVE

The Institute of Chartered Accountants in Australia 1300 137 322  
[www.charteredaccountants.com.au/training](http://www.charteredaccountants.com.au/training)

## HOW TO SUCCEED WITH SOCIAL MEDIA

Jay McCormack  
**Web:** [www.jaymccormack.com](http://www.jaymccormack.com)

## BE READY FOR CHANGE

Jon Hemming, Unity Management  
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## SUPER AND WILLS

Michael Jones CA, Cummings Flavel McCormack  
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## SHAREMARKET UPDATE

Tim Lincoln, Lincoln Stock Doctor  
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# THE ESSENTIALS

November 2009

## Track 1

### EMPLOYEE SHARE SCHEMES

Ben Travers, KPMG

- An employee is assessed on the value of ESS interests in the year of grant unless the plan meets the \$1,000 tax exemption conditions, or specific tax deferral conditions (which generally include a real risk of forfeiture)
- There is an employer reporting requirement in respect of the annual value of ESS interests granted and vesting in employees
- Companies should review plan rules to ensure they remain commercially effective and communicate any changes to employees
- Companies should develop internal systems to enable the tax reporting requirements to be satisfied
- The Board of Taxation is due to report back to the government in February 2010 on matters relating to the valuation of ESS interests and the treatment of ESS interests in certain start-up companies.

## Track 2

### CLIENT COMMUNICATION

Julianne Bell, Financial Writers Australia

- Providing relevant information to help educate clients is akin to giving them the gift of knowledge. In return you receive their loyalty
- You should have some contact with your clients at least every 90 days
- The most important thing is to ensure you do it consistently

- The most practical method is written communication
- E-newsletters and hard copy newsletters are the most popular forms because you can cover a wider range of information to suit more readers' interests.
- Personalised letters are also excellent if a specific segment of your client base needs to be updated
- If your clients know you care about them enough to educate them and keep in touch, they will want to stay with you

### **Track 3**

## **ECONOMIC UPDATE**

### **Professor Neville Norman, Melbourne University**

- With nearly all indicators showing positive signs, interest rate increases are back in vogue
- The only remaining questions: how many and how much?
- I said in October 2008 the slump was exaggerated, and that rate cuts and stimulus packages would curb the downturn and avoid recession. That's now established
- It's important the Reserve Bank avoids "nibbling" increases, which were too slow to quell the boom in 2006-8
- Business must now focus on the positives that have led to rate increases, not any negative effects of them

### **Track 4**

## **FINDING FINANCE FOR RECOVERY**

### **Adrian McFedries, DC Strategy**

- Banks are interested in dealing with businesses with a strong cashflow, a bright future and owners who understand the business
- Remember that banks only make money by lending
- You need than a profit and loss statement and balance sheet



- Build bank contacts. Meet the Relationship Manger and establish more than one contact point
- There's a strong focus now on security for any loan
- Don't ask for less than you really need

## Track 5

### **ENJOY LIFE – AND INSPIRE OTHERS**

**Amanda Gore**

- Life is about perceptions. We perceive and create our own reality
- We can change our lives in a heartbeat by changing perception
- We're not living reality. We're living our own individual movies
- When we first fall in love we're transformed because someone else is seeing everything that's good about us
- If we make others at work feel good about themselves, we transform the workplace
- The best leaders are humble. The more authentic you are the more people respect you

## Track 6

### **NATIONAL WATER INITIATIVE**

**Mike Smith, Australian Accounting Standards Board**

- The NWI sets the water reform agenda for the nation and is significant because all states have signed the agreement and are accountable for its implementation
- The development of Australia's first Water Accounting Conceptual Framework and its associated Preliminary Australian Water Accounting Standard are integral
- Adoption of the Standard will be voluntary but the Bureau of Meteorology will use it in the development of its first National Water Account

- The Water Accounting Standards Board, an independent advisory board to the Bureau of Meteorology has been established to draft the Standard and advise the Director of Meteorology on its adoption
- A possible implementation problem may be the lack of general accounting skills in the water sector.

## Track 7

# HOW TO SUCCEED WITH SOCIAL MEDIA

Jay McCormack

- Social media is separate and different from normal advertising activities. It's not about "broadcasting" your wares.
- Social media are not platforms to sell but networks that can help people with their buying decisions.
- The first step is to listen – find out what people are saying about you, what their problems are, then you can become the "go-to" guys.
- Blogging is like an online journal – a way to publish information on the Internet.
- To create your own blog takes no time. Go to [www.wordpress.com](http://www.wordpress.com) (a free site) to get started.
- Find out about Group or Fan pages on Facebook – a good place to start having conversations with interested parties about your goods or services.
- Vlogs are video blogs and can be effective in allowing others to see you, but don't under-budget and let yourself look cheap.
- Have an online personality.
- Take things slowly and don't expect overnight success. It takes time to build relationships and rapport.
- Make sure your existing website is up to scratch. If you convince someone from a social network to visit your site, it's important that they're not disappointed when they get there.

- Social media networking is two-way – others will talk about you, good or bad, so do the right thing
- There are great search tools on Facebook., Twitter, even Google, to find out who's talking about you.
- Once you have a feel for where people are writing about you, that's your starting point to get involved

## Track 8

### **BE READY FOR CHANGE**

**Jon Hemming, Unity Management**

- Don't wait for circumstances, like the economic downturn, to force change on you. Be prepared
- Tackle the difficult questions about your business: how has it performed, what are its weaknesses
- Plan for the future. Where do you want to be? How do you get there?
- Enlist outside advice – you may be part of the problem, not the solution
- A consultant or mentor will help you identify the problems and devise a business plan to overcome them
- Involve everyone in the plan, strive for early successes, and celebrate them

## Track 9

### **SUPER AND WILLS**

**Michael Jones, Cummings Flavel McCormack**

- On death, there's a compulsory cashing of your super balance to a super dependent or the deceased's estate
- Your super fund benefits are not automatically covered by your will and will not automatically go to your estate

- If you want to direct the fund trustees in a certain way, it's important to make a binding nomination
- A tax dependant is a spouse, former spouse, child under 18, or any person who was dependent on the deceased. Everyone else is a non-dependent
- The super benefits are made up of tax-free and taxable amounts. The tax-free element is basically the non-concessional contributions. Everything else is taxable
- Payments are made proportionally. You can't cherry-pick the tax-free element without creating separate benefits
- A reminder that the opportunity for small business to get the government's 50% deduction on investment in depreciable assets ends on December 31<sup>st</sup>

## Track 10

### **SHAREMARKET UPDATE**

**Tim Lincoln, Lincoln Stock Doctor**

- The market went up 5% in September against the trend of usual Septembers
- There's too much "noise" – comments from economists & analysts
- Only 25% of commentators correctly predicted the October interest rate rise
- Use their forecasts as a guide only
- We have two new Star Stocks: Select Harvest & Super Cheap Auto
- Favourite stocks: CSL, JB Hi-Fi, Computershare (??), Seek, Mermaid Marine, Pipe Networks (??), Webjet (??), wotif.com, Super Cheap Auto