

Talking Points

DECEMBER 2010



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Partners' Notes

As 2010 draws to a close there will be many mixed feelings from our clients about how the year has passed. The challenges of being in business are many and can be rewarding if the right mix is achieved. We have seen some success stories for clients involved in the mining industry or for those who took advantage of the opportunities provided by the government investment in education and infrastructure. Tourism and Retail have probably suffered during this time period as people are cautious about their spending and expenses, preferring to concentrate on reducing debt.

We have seen some changes in our client mix. Some businesses have been sold and a significant number of new start-ups have absorbed our time. Added to this has been the increased audit activity through Federal Tax and State Revenue authorities, contributing to a busy time for us. Audit insurance cover has proved to be very beneficial for our clients at this particularly demanding time as it reassures them of affording our assistance during their audit.

Nothing stays the same and we have seen some team member movements over the last six months. Becky Harrison, our long time Receptionist, is travelling through Mexico and Latin America. Congratulations to Jane du Kamp (nee Hanaghan) who was married in October, and to Michelle's PA, Raquel

Fraser, on the birth of her second child. Nicole MacDonald is cutting back her time in our office to focus on some other contracting opportunities in the development of her own consulting business. We look forward to continuing our relationship with Nicole as she has worked very closely with a number of our clients over the past few years.

In addition, a number of team members have attended seminars on GST – Capital Gains Tax and Small Business reliefs – CGT and the Principal Place of Residence – Division 7(a) Loans from Companies and Trusts – Trust Streaming changes since the Bamford Case – Succession Planning – Self Managed Superannuation – current Investment markets to name a few. Keeping up to date and relevant is a major focus of our team who look forward to this training in order to be at the forefront of this challenging industry.

We thank you all for your continued custom and will strive to offer you a friendly hand and professional service in the New Year. On behalf of all our team we wish you and your families a very Merry Christmas and every success in 2011.

*Richard Munro
& Michelle Gargan*

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MUNRO
ACCOUNTANTS

Business, Financial and Taxation Advisors



CPA



Munro Accountants Pty Ltd is a CPA Practice



Clients' Corner

At Munro Accountants we deal with a diverse range of clients. In this newsletter we would like to introduce you to the following businesses and their owners...



Bushby Cleaning

Bushby Cleaning Products (BCP) is full of promise as new owners, Ed & Lee Watkin, look forward to revitalizing the business they took over 10 months ago. BCP is a manufacturer of cleaning products for the accommodation and hospitality industry and distributors.

A chemist has been employed to assist in improving some of their products' formulas, and a sales person, who is well acquainted with the business is assisting with sales. Their distribution area currently covers from Byron Bay to Townsville but they are looking to open up in more areas shortly and also enter into the retail market.

Some of their major clients include Tweed Shire Council and Gold Coast City Council.

Look out for their 'online ordering' facility which will be available on Bushby Cleaning Products' website soon.



Charter Mason

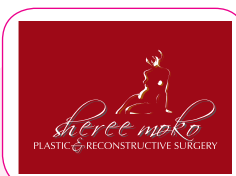
One of Munro Accountant's many interstate clients is Charter Mason (CM), an execution management consultancy specialising in assisting clients to improve their organisational performance.

Charter Mason implement strategies resulting from reviews, mergers, acquisition and/or systems integration programs. They provide services in program governance, technology, strategy operations and investment services, to name a few.

Their major clients are ING (now OnePath), ANZ, NAB, The Spotless Group, as well as Federal Government Departments including Customs, Immigration and Defence. They also provide retail & corporate system project management for Australia Post.

Charter Mason began in 2004 and currently has a staff of 180. They have two offices in Melbourne and another in Sydney.

Website www.chartermason.com



Dr Sheree Moko

Dr Moko is the first New Zealand Maori woman surgeon and the only female plastic surgeon on the Gold Coast. She is a passionate reconstructive Plastic Surgeon, devoted to helping people affected by defects resulting

from trauma (including burns), tumour, or birth deformities. She is also a highly trained and experienced surgeon in cosmetic procedures that help restore, rejuvenate or improve a person's appearance. Dr Moko's gentle manner belies an intense drive to obtain the best possible outcome for her patients.

She can provide a full range of cosmetic surgical services specializing in: breast augmentation, breast lifting, breast reduction, facial rejuvenation, including endoscopic browlifting, eyelid surgery, facelifts and necklifts.

Dr Moko is involved with Interplast, the official charity of the Australian and New Zealand Society of Plastic Surgeons, which provides free surgical and allied health services in developing countries in the Asia Pacific region. Interplast also assists with developing local capacity to provide training and mentoring programs for surgery and ancillary services.

Website: www.shereemoko.com.au

Is your Business keeping

with Munro Accountant's Business Ad

As a business owner, you need to understand the strengths and weaknesses of your business and focus on getting the little things right. If cash flow is an issue then you need to understand the drivers of your business.

Cash

How much is coming in and when and how much is going out?

Growth

If you wish to grow your business then you need to focus on how much working capital you will require to service the growth. Access to funding is tough, however plan early and offer your financier a clear business plan that details the investment, the return on investment and how the loan repayments will be met.

Debtors

If your debtors are becoming slower in paying their bills, restructure your terms of supply agreements by asking for deposits up front and follow up slow payers with regular phone calls. Avoid discounting at all costs rather, get focused on your customer's problems and communicate how your offer will add value in meeting their need.

IAPA Conference INDIA

India – What a land of contrasts and a great place to hold the 2010 International Association of Professional Accountants (IAPA, www.IAPA.net) annual conference which myself and Isht Singh attended. There was a good mix of technical and cultural activities held in Delhi and Agra – home of the Taj Mahal. Can I say this was a big tick on my bucket list. The building is amazing and the love story behind its construction even more so.

We also caught up with an ex employee, Swarn Sandhu, in Jaipur and generally got a feel for the development that is going on in this fascinating country.

Our trip to Jaipur in a local train was an experience but we did travel in the "Executive Coach". You wouldn't really want to travel economy. It was interesting driving around in the local traffic, not that I saw a lot sitting in the back seat hoping for the best. Camels, cows and pigs certainly get the right of way.

The conference was exciting as the chance to network with other Accountants from around the world (we really are a fun bunch!!) was the best part. The association gives us a great network to reach out to and get advice from – 244 firms in 55 countries. We have already used our friends in Ireland, Singapore, Canada and the USA to name a few. It was interesting to hear that many of the problems we face in Australia with business are replicated in many other countries. We hope our connection with these various independent firms



ing you awake at night?

Advisor, Nicole MacDonald CA MBA FTIA

Staff

If your people are causing you sleepless nights then work out whether you are the problem or they are. Then do something about it. Surround yourselves with the right people, both staff and suppliers. Look for people who are excited about your business, have the right attitude, and are flexible and fit in with your company values. This can be achieved by firstly having a compelling vision that excites your people. Secondly, ensure there are clear guidelines on how and what their role within the organisation is and thirdly, understand what motivates them, appraise them regularly and encourage them to develop by offering training and showing an interest in their service delivery.

Sales

Generating sales, making profits and winning new customers is getting harder and harder. Your marketing has to be more compelling and more persuasive than ever before. The consumer is asking for more information, a proposal, a plan and is more sensitive to price. Face to face contact is still extremely important and should be backed by up to date and interactive websites, brochures and social media. If you do not have a good understanding of marketing then find someone who does, it may mean spending some cash to get it right but it will be worth the effort when you are no longer lying awake at night worried about your next sale.

(Source: Le Pla, R 2010, 'What's Keeping business owners awake at night?' NZ Business Oct 1)



will help our clients seeking assistance.

I had a brief stopover in Singapore and met with an investment adviser. It was very interesting to see what is happening in Singapore and the opportunities available. It certainly is the Switzerland of Asia. I'm more than happy to have a chat and coffee with any one should they wish to learn more. Cheers, Richard

SMSF Update

Be on time with Superannuation Guarantee Payments

by Munro Accountants Partner Michelle Gargar

Employers have been required to remit 9% of their employee's wages into a complying superannuation fund since 1 July 2002. Since 1 July 2003, they have been required to do this on a quarterly basis.

Miss the deadline in paying that superannuation and you will pay the price.

The Australian Tax Office (ATO) has now obtained an increase in their power to force directors to be personally liable for their employee's superannuation. They are currently auditing more frequently in this area, checking that the payments are made on time.

If you do happen to pay your superannuation guarantee late for your employee's, what is your obligation?

You will have to prepare a superannuation guarantee statement for each quarter that you pay the superannuation, after the 28th day after the quarter ends. For example, for the September quarter, the superannuation must be received by the superannuation fund by the 28th October. The lesson here is to send the cheque before the 28th day, otherwise you may be technically late.

You will be required to pay interest on the amount due at 10% from the 1st day of the quarter the super is accrued, until the day you lodge the form to declare you are late. Yes, that's right, until the day you lodge the form. So if you happen to pay the super late by a few days, and the ATO finds out say 2 years later, then you will pay the interest for that 2 year period if you haven't lodged the form. What a penalty!

In addition, you are required to pay a \$20 penalty per employee per quarter.

Now if you thought that was all the penalties for being late, think again. In addition to these actual payment penalties, you will not be entitled to a tax deduction for that superannuation you eventually pay. At an average tax rate of 30%, that's an additional 30% penalty that you will pay in income taxes.

So now is it worth being late? We don't think so.

What happens if you find yourself paying every quarter late? Don't panic, as you can utilise another strategy we have utilised for some of our clients this year, which has still got them some of their tax deductions and minimised their penalties. The main thing is that as soon as you know you are late, a full admission is made. Otherwise, the penalties will just compound on themselves.

So make those payments on time, or pay the ultimate price.

For more information on Superannuation Guarantee Payments please contact Michelle Gargar on 075539 9777 or email theteam@munro.com.au

Refer a Friend If you have friends or colleagues who require SMSF advice or want to borrow for investment properties and have an existing SMSF then refer them to Michelle or Rob at Munro Accountants. Phone: 55399777. See our testimonial page at www.munro.com.au for happy SMSF client stories.

Award Winning Clients

At the recent 2010 Royal Queensland Food & Wine Show, **Gelato Mania**, located at Surf Parade Broadbeach, won 1 gold and 3 silver medals. Congratulations! Owned and operated by Flavio and Elisabetta Perrisonotto, their gelato is made in the authentic Italian way and they do not use pre-mix, preservatives or colorings. The Perisinottos' first business was in Venice.

Congratulations to another of our highly successful clients,

Innotek Australia Pty Ltd, who are leading suppliers of innovative pet security and safety products Australia-wide. They have won the September Gold Coast Business Award in the Family Business category.

Tom Ivscanin's new pain relief product, Hi Dow Massager V (the latest in TENS technology), was featured on Today Tonight recently with sales increasing dramatically. Congratulations!

If your business has won awards in the past year please let us know. If you need help applying for an award please phone us on 07 5539 9777.



Money Matters

from Munro Finance & Investment Solutions

with Byron Murphy B Bus, Grad FP, FFin, AMC

The views and opinions expressed in this article are those of the author personally and not necessarily those of Munro Accountants, Australian Loan Company or Professional Investment Services for whom the author is an agent or authorised representative.

Superannuation can supersize the quality of your retirement

Australians are increasingly becoming aware of the merits of saving for retirement. An ageing population will put pressure on age pension funding. Improved life expectancy means we can expect to spend more time in retirement than ever before.

Our expectations for retirement are changing too. Many of us plan to indulge in hobbies, travel and the finer things in life, with concerns about meeting the mortgage or raising kids behind us. But to achieve all this we need a decent retirement income. Investing in your superannuation is the single best strategy to help you achieve just that. Let's look at why.

The power of long term returns

To begin with, your super is a very long term asset. We can't normally access money tied up in superannuation while we're still in the workforce. That's a good thing. It's a guarantee your money will be there when you need it most – in retirement.

And because super is an extremely long term investment, it supersizes the effect of compounding returns. Adding just a small amount extra to your super today will mean having a substantially larger pool of funds to retire on.

Consider this. A worker aged 30 earning \$50,000 annually and with a current super balance of \$20,000 relies solely on his employer's super contributions. By the time he is aged 65, the fund balance will have grown to around \$593,000.

But if that same worker adds just \$30 extra to his super each week, by the time he is 65 his super savings could grow to \$833,000. It's an effortless way to turn \$30 a week into \$240,000.

Valuable tax savings

Part of the reason for super's extraordinary compounding gains is the tax savings super provides. Fund returns are taxed at just 15%. By contrast, you could lose almost half the returns made on investments outside super to tax. That's because the gains are taxed at your personal tax rate, and for most Australians that's a lot higher than 15%.

The tax savings don't stop there. There are a number of ways to add to your super which can see you trim your current tax bill. You may even be eligible for a government co-contribution to your fund.

At age 60, you can withdraw money from your super fund tax free. When you add up the pluses, superannuation is a very exciting investment. It will become even more exciting when you're ready to hang up your work boots. Let's talk about how you can supersize your super. A little more today will add up to a lot more tomorrow.

All figures based on retirement at age 65, 9% employer contributions, earnings of 6% per year, net of fees and taxes in today's dollars. All other fees and charges ignored except contributions tax of 15%. \$30 post tax contribution per week equals \$1560 per year and attracts government co-contribution. You should consider your personal objectives, financial situation and needs before acting on this information. Past returns are no guarantee of future performance.

Merry Christmas and all the best in 2011

Our office will be closed over the holiday season from 17th December and will reopen on 10th January 2011



MA Practice Manager,
Jane du Kamp
(nee Hanaghan) and
husband Chris at their
wedding in October



Business, Financial and Taxation Advisors

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