



PROACTIVE

ACCOUNTING SOLUTIONS

Summer 2014

A NOTE FROM ANDREW

Conditions are still tough out there with further job and wage cuts driven by the mining companies' quest for efficiency and savings. As part of their cost cutting, they are also putting pressure on contractors to drop rates charged for goods and labour. The only way to remain profitable at this level is to pass on an equivalent drop in wage rates and search for greater efficiencies within their own businesses.



Now is the time to do some soul searching to identify the strengths and potential opportunities that your business may have. Regardless of the type of business, it is unlikely that you have 100% market share. Even though the pool of work has reduced, there is still plenty of it out there that you are not currently doing. You may only have a fraction of the local market and an even smaller fraction of the national market for your products or services. You just need to find new customers and markets and then do it better than the competition.

Now is the time to look at what makes you different to your competitors, be clear about your points of difference, and communicate these to the market.

Gone are the days of customers or work coming to you with little effort - you need to go to them and articulate clearly and confidently why they should use you over their current provider. You should be willing to give some of your time and possibly even product to gain new work. You should never be scared of rejection, because the next door you knock on could be the one that opens.

DO YOU KNOW ANYONE BEHIND WITH THE ATO?

We frequently have new clients to the firm that are significantly behind with their tax returns and Business Activity Statements. This can range anywhere from 1 to 10 years.

They are usually feeling very stressed about the situation and are worried about the repercussions from the ATO. The ATO are being much more aggressive in chasing up outstanding returns and potentially issuing default assessments and penalties, so it does pay to get it sorted out as soon as possible.

We recently lodged 8 years of returns for a new client resulting in over \$12,000 in refunds - not to mention the relief he felt being back up to date with his returns.

If you know anyone in this position, we are happy to help by providing a complimentary meeting to discuss their situation.

CALLING ALL 2014 TAX WORK!!

The 2015 financial year is passing quickly with Christmas nearly upon us. The Proactive team have been powering through the work and we ask that any clients that have not brought their 2014 tax return information in yet to do so during the next couple of months, leaving plenty of time to get this completed before the due date.



Merry Christmas from the Team at Proactive

Christmas Break

We would like to let you know that our office will be closed from 23rd December through to Monday 5th January. We wish you an enjoyable and safe Christmas and New Year.



Let's talk 4951 6000

Visit us 1st Floor, Cnr Sydney & Gordon Streets, Mackay



GET TO KNOW BROOKE RAMSAY

Brooke joined Proactive just over 12 months ago. In that time she has completed her Bachelor of Accounting which she commenced while working at a mining services company. Brooke is a Mackay local and is married to Damien (Damo), who is also from Mackay.

Brooke enjoys assisting clients through the completion of their work including tax returns, financial statements, BAS's and management reporting.

She likes to travel and has just returned from a month's holiday throughout Europe. Her favourite country that she has visited is Italy due to the beauty of the countryside and the food!



ARE YOU THINKING OF *buying or selling* A BUSINESS?

Buying or selling a business is one of the largest transactions you make, with the implications of getting it right or wrong potentially affecting you for a lifetime. With such large dollar amounts involved, why then do people rush these decisions?

For the person buying the business, it represents a change and something new and exciting, hopefully with the view to making a profit after receiving an arm's length wage for your efforts in the business.

For the seller, it allows them to move forward with whatever plans they have, be it either purchasing another business, paying off loans or achieving their retirement goals.

When looking to sell, what can you do to maximise the value of your business?

When looking to buy, how do you assess if it is a good opportunity and are you paying the right price?

There are a number of variables that can have a great effect on the business value:-

- Amount and consistency of future profits
- Amount and age of equipment
- Reliance on the business owner
- Any contracts in place with customers and suppliers
- How easy it is to start a similar business
- Stock levels
- Goodwill associated with name, product or location.



Most buyers are happy to assess an opportunity based on 3 years figures. To achieve a good sale price for your business, you need to be working towards this 3-5 years prior to looking to sell.

As a seller, you ideally would like to show increasing sales and gross profit margins either holding steady or improving each year. The bottom line profit is the most important though, as this is what the buyer uses to assess the return they will get on their investment after receiving a wage for their efforts.

The other variable used to assess a business' value is the actual and perceived risks associated with operating the business. The level of risk affects the required return on the effort and investment in the business and this will be different for each person. The lower the risk, the higher the value, and vice versa.

If you are looking to sell, we can work with you on a regular basis to improve the business figures as well as minimise some of the risks to ensure your business is in the best shape possible when you are ready to sell.

If you are looking to buy a business, we can conduct an assessment of the business and provide you with a value based on the financial and non-financial information and also work with you to obtain finance from the banks.

GET TO KNOW MICHELLE COOK

Michelle has been working with us for nearly 2 years. Andrew and Michelle also worked together over 10 years ago. Michelle is part of Jarrod's team, assisting him in servicing his clients.

She has two young boys Bailey and Calhan, which means she is busy both in and outside of work. Michelle was born in Mackay and is proud to call it home. With all her family here, she would not want to bring her children up anywhere else.



TAX NEWS

TAX SYSTEM CHANGES

With the abolition of the mining tax from 1 October 2014, a number of other tax measures have come into force:

- Abolition of the company loss carry-back concessions from 1 July 2013.
- Reduction of the instant asset write-off for small business entities from \$6,500 to \$1,000 – that applies from 1 January 2014 on assets first used or installed ready for use from that date.*
- Abolition of accelerated depreciation (of up to \$5,000) for motor vehicles from 1 January 2014.*

*(Assets used or installed ready for use between 1 July – 31st December 2013 are still eligible for the write off.)

ATO VOICE AUTHENTICATION SYSTEM

Taxpayers contacting the ATO by phone will now be given the choice to record a short “voiceprint” that can be used to verify their identity for future calls.



This will make future dealings with the ATO more efficient. The ATO says that they need to ask the caller to verify their identity in about 6 million of the 8 million calls it receives each year.

The “voiceprint” is similar to a fingerprint and is a unique representation of the sound, rhythm, physical characteristics and patterns in a voice.

DATA MATCHING

The ATO are issuing letters across a variety of areas from its data matching division. In particular we have seen letters associated with Capital Gains events not being declared, interest income not being declared and over-claimed rental property deductions.

This division collects data from financial institutions, government departments and auction houses to name a few and matches this to tax returns to identify any discrepancies.

SUPER NEWS

LOST SUPER CLIMBS TO \$14 BILLION

New statistics released by the ATO reveal that more than \$14 billion in lost super is waiting to be claimed. There's over \$6 billion of super sitting in accounts where funds have not been kept up-to-date with changes to personal details, and an additional \$8 billion in super in accounts that have not received a contribution in five years or more.

Visit www.ato.gov.au/superseeker for more advice on how to track down lost and unclaimed super.

Find my super



SHOULD YOU BORROW USING A SELF-MANAGED SUPERANNUATION FUND?

There is a lot of activity in the property market driven by the ability to borrow money in a Self-Managed Superannuation Fund. This strategy is being promoted heavily by property groups but may not be a viable strategy to grow your super to support your retirement.

A Self-Managed Fund can be an effective tool if used appropriately, but unfortunately many funds are being set up based on low balances and with highly geared loans.

A Self-Managed Fund itself is not expensive to set up, the cost comes in administering the fund each year. A Self-Managed Superannuation Fund must have annual accounts produced and these must be audited. There is also a myriad of other minutes and investment documentation that must be complied with.

Where borrowings are involved, the set up costs are much higher as are the bank charges to establish these loans.

As a general rule, you would need at least \$300K in super to justify the associated costs when compared to having your super in an industry fund. If using borrowings you need to consider the costs and the return on the underlying property. If anyone is considering setting up a Self-Managed Superannuation Fund, regardless of whether this will have borrowings or not, we suggest you contact us and come in for a chat first.

KMART WISHING TREE

Proactive Accounting Solutions are proud to again support the Kmart Wishing Tree Appeal. If you wish to donate any gifts, these can be placed under the tree in our office up until the 23rd December.



Share the joy of giving



STAFF NEWS

Farewell Tara

It is with great sadness that we say farewell to Tara who is moving to Melbourne to start a new chapter in life with her partner Nate. Tara has been with us for just over 3 years, working in an administration and reception role providing support to the accounting staff and a friendly face for clients. We will all miss her very much and wish her and Nate all the best in their new adventure.



Welcome Courtney McPherson

We would like to extend a warm welcome to Courtney McPherson who joins the team this month. Courtney has been coming to Proactive for work experience 1 day a week during the last 6 months of her schooling at Mirani State High School. She will now be joining us full time filling Tara's position in reception.



Courtney will be enrolling in a Bachelor of Business degree, studying externally next year with the view of joining the accounting team later in the year.

Where's Wally (Katie) ?

Some clients may have noticed Katie's absence now for a couple of months. Unfortunately Katie suffered a fall some months ago that has resulted in her needing shoulder and eye surgery. She is making a slow recovery, but is still hoping to be back on deck early in the New Year. We wish her a restful time and a speedy recovery. A big thank you to Val Farrell for helping us out in Katie's absence.



About us

The accountants at Proactive Accounting Solutions are passionate about building close relationships with our clients, working with you to achieve your business, financial and lifestyle goals.

Did you know?

A mint condition 1930 Penny is worth approximately \$150,000. Of the 3000 minted, there are only 1500 known to exist.

What is a Proactive Accountant?

- An accountant who is **passionate** about helping their clients
- An accountant that **returns your call promptly**
- An accountant that is more like a **business partner**
- An accountant who **meets with you regularly** to ensure you are on track & achieving your goals
- An accountant that **does not charge** you for a quick question or chat
- An accountant that can **change your business** & ultimately your personal life
- An accountant with an **open door** policy and a **complimentary** consultation

Let's talk

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Visit us 1st Floor, Cnr Sydney & Gordon Streets, Mackay

Linked in

connect with us online

WWW.PROACTIVESOLUTIONS.COM.AU