

Newsletter

August 2009

Free Seminar

The Great Investment Debate:

Active Vs Passive Investment Strategies

With signs of recovery emerging and many clients sitting on cash, the big question now is:

"What to invest in?"

Come to our free seminar to learn more about the

" Case for Indexing"

a low cost way to implement a passive investment strategy, presented by Vanguard Investments

Tuesday 1st September

6.00pm for a 45 minute presentation commencing at 6:15pm

To reserve your seat please email: kathryn@pva.com.au or call her on 02 9416 9266

To be informed of upcoming seminars, email kathryn@pva.com.au

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ACCOUNTING AND BOOKKEEPING

Milestones in the development of accounting and bookkeeping

- **1494** - friar Luca Pacioli writes the first book about double entry accounting
- **1970s** - accountants start using computers for bookkeeping, clients stop "the round eternal of the cash book and the journal" (Banjo Patterson)
- **2000** - GST starts and MYOB foolishly convinces business that they can and should do their own bookkeeping
- **2010** - accountants finally stop clients wasting their time and start using the internet to collaboratively work on bookkeeping

The use of the internet for bookkeeping was promised to us 10 years ago but is only now eventuating. Currently there are on offer programs called Xero and Business Basic Online. There is also a payroll system called Aus-siepay that allows employees to access their personal information and change their details online.

All of these systems are run so that your accountant can also access the same information. The client does the simple book entries and the accountant then does the more complex and technical work on the same online data. Unfortunately the software still does not have all the components that both businesses and accountants require, but we are getting there.

TAXATION

New changes in this year's tax returns

- There is a new education tax offset for expenses that parents have incurred for their school children. This is only available if parents are eligible for Family Tax Benefit A.
- Then there is the capital allowance for new equipment purchased after 13 December 2008. This only applies to businesses. There are different rules for small and large businesses. A small business is one with turnover of less than \$2 million. The rules change at the 1st July as do some of the rates: 50%, 30% and 10% that can be claimed and the end dates are different. This is only useful if you are making a taxable profit and if you have the money available to purchase new equipment. New equipment includes cars but does not include software and capital works. Yes, there are many rules so a call to one of our staff is essential and we will need to look through the rules to give you exact advice.

Tax deadlines

If your income tax returns are on a tax agent's lodgment list then the deadline for lodging your 2009 return is 15 May 2010. The rules for large entities and new super funds are different. Please note that we need at least two months to prepare financial statements and tax returns and thus your information must be with us by 1st March to ensure this deadline is attained. We are happy to do work after 15 May as long as you do not mind paying the fines for late lodgment.

BAS and IAS deadlines

Why make things simple when they can be complicated. The deadline for lodging a BAS and payment is printed on your form as the 28th. However if your tax agent has noted you as a client for GST purposes, this is extended to the 18th of the following month and if we lodge your form electronically, then the deadline goes to the 25th. Handy to know if you get yourself into a jam. The same deadlines apply to IAS if electing and calculations are required. However if the amount is a net quarterly figure then the deadline remains the 28th. There are secret letters on the top left corner of the IAS, that nominate what type of IAS you have.

MANAGEMENT ADVICE

Business Systems

"The system is the solution for sustained business success"
Michael Gerber, The E-Myth

PVA introduced a new business system 5 years ago and for over 3 years has been performing in a paper-less environment, saving time and money. We have benefited enormously from systemising our business and believe the process would be beneficial to a select group of our clients. It has refined and improved the way we do things - our internal processes, improving efficiency and effectiveness by enabling these processes to be documented and adopted by any member of staff.

A McDonalds restaurant is successfully run by 16 year olds. This is only possible because of the systems they have in place.

This is not only beneficial in times of flu pandemics, but also in an environment of increased job mobility. A systemised method of running a business is beneficial in any industry. You may be established and considering succession planning via a sale or to a family member; a start-up with plans to grow and expand the business, or operating in a highly regulated industry which has complex compliance procedures, where system and document storage and management are essential.

We use software called How Now, created by Business Fitness. In a recent survey by Business Fitness, Peter Vickers and Associates received the highest score of all their clients for its implementation. We are thus offering our expertise to a select few clients, being those that have the foresight to spend significant money to put systems in place to grow and protect their business.

Critical to the successful implementation and management of these systems is the training of staff to ensure proper adoption from the top down. With a background in HR and specifically staff training, Michele Brownsberger is well-equipped to help you ensure that this happens.

If you're interested in learning more about increasing productivity and improved profitability by improving internal processes and system documentation, please call **Michele** on **02 9416 9266** or email her at **micheleb@pva.com.au**

The E-Myth is on our essential reading list of business books.

RECEIVE THE NEWSLETTER BY EMAIL?

If you would prefer to receive our quarterly newsletter (and other periodic information) by email, please let us know by emailing **kathryn@pva.com.au** For those of you who prefer to receive the paper version, we will happily continue to send it by mail.

Peter Vickers and Associates Pty Ltd — Principal: Peter Vickers FCA
Chartered Accountants ACN 003 466 813
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Lindfield Superannuation Fund

The newspapers have carried many articles about doom and gloom and the poor performance of the investment markets. By looking at the preliminary unaudited results of the Lindfield Superannuation Fund, we can learn what has been happening.

The Lindfield Superannuation Fund's investment strategy is to keep 30% of its assets in interest earning investments, with the remainder invested in various sectors of the share market. With the share market falling, no new investments were made until April this year and the cash held reached 50%. This meant that the fund decreased in value by only 6.7% compared to a loss for the ASX200 of 24.2% and an average loss of 12.7% for the top 20 "Balanced Funds" (SMH 5/08/09) for the financial year ended 30 June 2009. Most employees are in the 31.5% tax bracket, however the contributions into any super fund are taxed at 15%. Thus your contributions into the Lindfield Superannuation Fund remained tax effective even if the loss is added to the tax paid.

The share market hit its bottom on 9th March. From 9 March to 23 July the Lindfield Superannuation Fund went up 17.3% compared to the ASX200 of 29.4%. The difference between these rates is caused by the more conservative investment strategy than just the ASX200. The rate for the super fund is after tax and all management fees, whereas the ASX200 increase does not include tax or management fees.

Another method of enhancing the benefits from a super fund is to have your life insurance paid by your fund. Any questions about the Lindfield Superannuation Fund can be made to **Agnes Mook** on **9416 9266** or email **agnesm@pva.com.au**

If you would like to arrange an obligation free discussion with a financial advisor, to review your investment strategies, please also call Agnes on the above number and she will arrange an appointment.

For more details about Lindfield Superannuation Fund visit www.pva.com.au/superannuation.htm

PERSONAL INSURANCE

Protecting the lifestyle you have worked hard to create requires good personal and financial health. We can help you to protect your wealth by ensuring that you, your family and business are adequately insured. But your aim should be to avoid the need to make a claim. Whilst Income Protection and Life Insurance are essential to your peace of mind, we believe that personal health should be a number one priority.

To help you ensure that it is not only your finances that are in peak condition, we would like to offer you **2 weeks of complimentary Personal Training at Vision** in Lindfield or Rose Bay. Vision are the Australian leaders in one-on-one personal training and will help you to achieve your health and fitness goals. For more information please contact Mick on 02 9416 4508 and mention this newsletter or email him at: mjessop@visionpt.com.au

If you're already in peak physical shape but need to address your financial health, contact **Agnes** on **02 9416 9266** or email **agnesm@pva.com.au** to make an appointment to review your investment and insurance strategies.

Peter Vickers Investment Services—a division of Peter Vickers Insurance Brokers Pty Ltd
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Have we got you covered?

Ensure that you have the right insurance to protect you, your family, your business and all your assets against the unexpected. The team at Peter Vickers Insurance Brokers offer insurance to cover a wide range of assets and activities including but not limited to:

Personal Accident & Illness: if you're self-employed, this package provides a weekly salary in the event of accident or illness. There is usually a maximum of 14 days waiting period before benefits are payable. Cover is for a maximum of 104 weeks in the event of a serious accident. Pre-existing conditions are excluded. Longer term cover is arranged by our Personal Insurance Team.

Professional Indemnity: provides cover for claims for errors, omissions, inappropriate skill level or advice given by a professional. Some policies include cover in the event of a mistake even though there has been no negligence.

Business: a package policy to cover the exposure of small to medium size companies. All or some sections can be selected to tailor the policy to your requirements. The sections include fire, business interruption, accidental damage, public/products liability, burglary, money, glass, general property, engineering plant and electronic equipment.

Trade: a package policy which can be tailor made to suit you. The sections of the policy available include fire, business interruption, accidental damage, public/products liability, burglary, money, glass, general property to cover goods away from the premises, engineering plant and electronic equipment.

Public/Products Liability: covers the Insured's legal liability for death, bodily injury and/or property damage caused by the negligence of the Insured whilst providing the nominated services and/or products.

Marine Transit: provides for the repair or replacement of lost or damaged goods whilst being transported by road, rail, sea or air.

Machinery: covers mechanical breakdown or accident to machinery/computers used in the business. Any monetary loss during the breakdown period can also be covered.

Landlords': provides cover for damage to buildings, contents, loss of rent and public liability and the policy can be extended to cover rent default by a tenant.

Contract Works: this insurance is arranged by the contractor and usually covers both the contractor and the property owner. The policy covers any loss or damage to the contract works and any public liability attached. If there is a risk of the works damaging existing property the policy can be extended to cover that. Cover is also available for owner-builders.

Strata Plans: this is a package policy covering buildings, common contents and common property, liability, fidelity guarantee, office bearers' liability, personal accident and workers' compensation.

Commercial Motor/Fleet: cover can be obtained on a comprehensive basis for loss or damage to single vehicles or fleets.

Directors' & Officers' Liability: protects the personal assets of directors and officers of a company providing cover for a loss arising from a claim as a result of a wrongful act committed in the course of performing their duties.

Management Liability: designed to protect the individuals and the company in relation to exposures associated with managing a private company or not-for-profit entity. Cover includes the traditional D & O Liability, Employment Practices Liability, Fidelity Guarantee, Internet Liability and Trustees Liability and can be tailored to the needs of your business.

To review your current insurance policies, to ensure that you're adequately protected, or if you would like a quote for a new policy call **1300 784 011**

Speak to one of our team for **Professional, Personalised Advice**, or visit www.pvib.com.au - our online quote form means that you can request an insurance quote 24 hours a day, 7 days a week and we will respond to your enquiry on the next business day.

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