

ACCOUNTING AND BOOKKEEPING

Top 20 Tips to Improve your Business in 2010

Breakfast Seminar

Wed 25th November
8:00am - 9:00am
Light breakfast will be
served.

Venue: Our offices

At this seminar Peter will reveal our top 20 tips to help you make more money in your business.

Implementing these business, finance and taxation strategies will help to ensure the long term success of your company.

To reserve your place please

email: kathryn@pva.com.au

Or call Lauren on

02 9416 9266

To be informed of upcoming seminars, email

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If you are a patient in a hospital you will notice that each person has a defined role and no person is allowed to step outside their role nor will they condescend to perform a task that is below their status.

In the finance world there is no clear demarcation. Anyone can call themselves an accountant. They can also claim to be at a level higher than they actually are. However it is important to have an understanding of the different roles.

Clerk: basic paper shuffling: sub categories include: payroll clerk; accounts payable; accounts receivable.

Bookkeeper: entering of transactions into computer accounting system; reconciling bank account and debtors' and creditors' ledgers.

Accountant: taking entered information and making judgements about account presentation and tax consequences and preparing reports from the computer accounting system that are to be used by management, the ATO, and shareholders.

Financial Controller or Adviser: makes financial decisions or gives advice about borrowing and investing.

As you go up the ladder the person requires higher educational qualifications, experience and intelligence. However having any one of these attributes still may not make you capable. At Peter Vickers and Associates, we are able to provide staff for all levels and with the use of technology our staff will condescend to do work that is normally done by a lower level. As you would expect, costs increase as you go up the ladder but hours you require decrease.

Ask any of our Chartered Accountants, **Rohan Manokaran, Nick Law or Cathy Stockwell** for further help.

TAXATION

The Howard Government reduced the tax rate on higher income earners. The current government is not changing the tax rates but is raising more tax by adjusting the other tax rules.

The maximum Superannuation concession has been halved for the 2009/10 year to \$25,000 and \$50,000 if you are over 50 years old. You need to ensure that your tax plan for this year is adjusted to take into account this change. There is a severe cost if you get your planning wrong and exceed this cap. For clients that have in the past contributed the maximum amount, you can change the PAYG installments for your self-managed superannuation fund. However you also need to remember that your personal or company tax will increase at the end of the year because of this change.

Superannuation is still a very effective method of reducing income tax however for those with high income it is no longer their main tool for reducing income tax.

Peter Vickers and Associates Pty Ltd Chartered Accountants

Principal: Peter Vickers FCA

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Superannuation contributions have now been added to the definition of income for other concessions including the rule that personal superannuation contributions are only deductible if total employment income is less than 10% of assessable income.

As each test uses a different definition of income, fringe benefits and superannuation this newsletter would need to be extended by another 4 pages to cover all the calculations.

Ring Joe Staub ON 02 9416 9266 if you need your tax plan revisited.

Taxpayers win a number of cases in the tax tribunals and courts

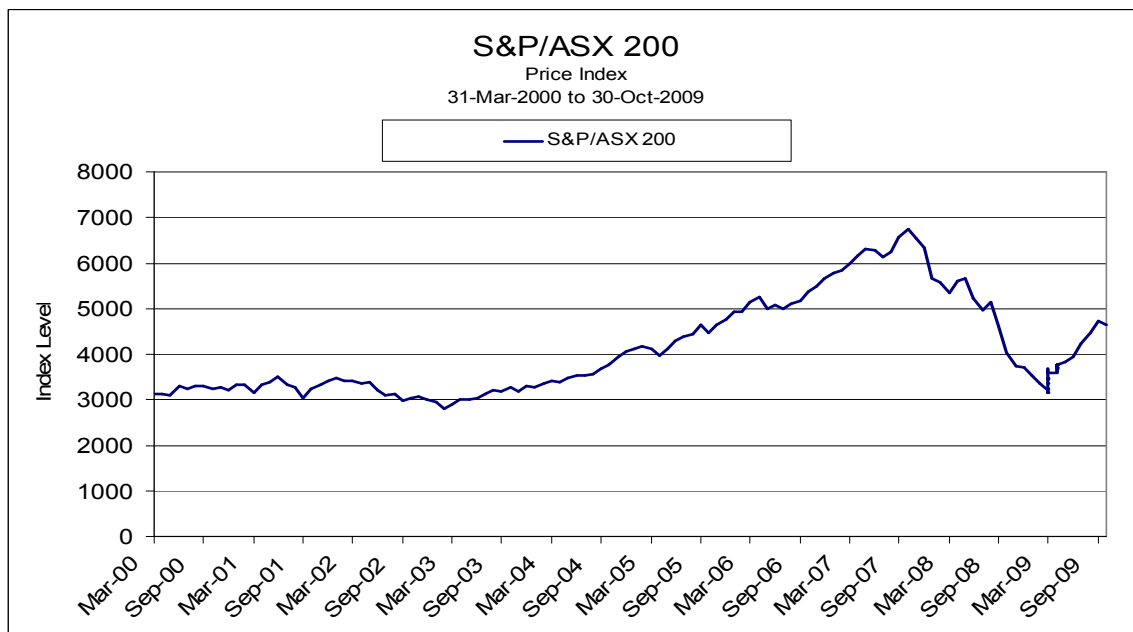
For our **travel agent** clients, a court has recently agreed that travel agents can claim the costs of travel when they visit destinations for the purpose of educating themselves about those destinations. The purpose of the expense must be business and the other requirements of record keeping must be in place. Namely, for all overseas travel and for travel in Australia for more than 5 nights, you must have a travel diary that indicates the time, place and duration of the business activity. If you are making the claim in your personal return you also need documentary evidence of the expense, that is, a receipt or invoice.

The other case related to the ability for **students** on youth allowances to claim the cost of books, university fees and other educational expenses against that youth allowance which is taxable. However again, you must have documentary evidence of your claim. No paper, no claim.

INVESTMENT SERVICES

One of the important requirements of being a successful investor is to keep on learning. There are some good lessons to learn from the last 2 years.

Chart illustrating fluctuations in the share market, created for us by S&P Index Services



The graph illustrates:

- you need to pick the date of your initial investment with care or alternatively spread your initial investment over time.
- no one has admitted that they predicted the Global Financial Crisis so how can you? You will obtain returns over the long term.

Most of the companies in the S&P/ASX200 paid franked dividends during the above years, so these need to be added to the capital gain or loss.

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Recently many companies have gone to shareholders to raise extra capital at heavy discounts. There has been much criticism that retail investors have been disadvantaged compared to institutional investors. However retail investors have made significant gains from participating in these share offers. We have had a small number of clients who refused to participate due to their disappointment with the performance of the market in the last year. They have forgone a significant opportunity to claw back some of the drop in the value of their portfolio. Over time various opportunities arise to make money in your investment in listed businesses. Your return comes from capital gains, dividends, discounts in share raisings, floats, reinvestment schemes etc. These opportunities also go in cycles and care still needs to be exercised to profitably pick the opportunities. You can also lose money and the Telstra 2 float is a very painful memory.

Ring **Agnes Mock**, one of our licensed advisers for help on **02 9416 9266**

FINANCE

The Global Financial Crisis caused the availability of funds for borrowing to dry up. Banks became scared of bad debts and started to ration their money.

Lenders are now asking accountants for printouts from the Taxation Office computer to show that no money is owing for tax. They also want up to date financial statements prepared by public accountants. Lenders are being very selective to whom they will lend money and require a greater amount of security.

At Peter Vickers Finance Brokers we know what documents the lenders require and with the help of the accountants at Peter Vickers and Associates, we are able to ensure that the borrowing is tax effective as well. By tax we mean: income tax, capital gains tax, fringe benefits tax, goods and services tax, stamp duty and land tax.

There are various ways to borrow money using a range of security. **Ring Greg Sawyer on 02 9416 9266 if you need to raise finance.**

YOUR NEWS

4th Annual Big Night Out

As honorary auditors of the 40K Home Foundation, we take an interest in their financial matters and would like to congratulate them on their 4th Annual Big Night Out on 31st October. The evening raised a net profit of \$45,000 with a lively auction for the top prize of a dinner for 8 prepared by Master Chef winner Julie Goodwin.



Every dollar raised will go towards the construction of an eco-living and learning centre for under-privileged children, many of whom are orphans in Bangalore, India. Nine months into the 18 month construction programme has seen the first floor completed. Funds raised at the BNO will help with levels 2 and 3 of this fantastic new building which will provide a stable environment in which the kids can grow and learn under the care of the Lovedale Foundation, who provide nourishment, a home, clothing and an education for these children.

For more information or to see how you can help visit: **www.40khome.org**

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.

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Public Liability Insurance

Who needs it? If your business deals directly with clients or members of the public, or if you come into contact with the public in the course of your business activities, PL insurance should be one of the top priority insurance covers on your list. Claims for PL Insurance are often extremely high. This means that a business which isn't covered could be in serious financial trouble if it found itself liable to pay damages or compensation from its own pocket.

What is it? PL Insurance 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.

Four Good Reasons to take out Public Liability Insurance

1 Increase your credibility with your customers and potential customers

Having PL Insurance is often a part of the requirement for clients when they are looking for suppliers, whether they are in the building trade, business consultancy or entertainment. Without it you could miss out on winning valuable work affecting your business. It is also a requirement under most leases of premises.

2 Avoid financial ruin

PL Insurance claims can be hugely expensive to cover. If a business had to pay the costs involved with an accident which resulted in a claim for compensation, it could be liable to pay millions of dollars. For a small business, finding this sort of money would most likely be impossible and therefore closing the business may be the only option. PL Insurance would in most cases cover the cost of the compensation payment, along with any related legal fees.

3 Protect your clients from harm and their property from damage

Most businesses have contact with the general public in their daily activities. Whether this is working in a clients' home as a plumber or running an office where visitors come and go, your business has a duty to protect these people and their property as far as possible. Part of this duty is having the appropriate insurance to cover any accidents that happen to them through the fault of your business. When dealing with you they should feel secure in the knowledge that they can be appropriately compensated should they be seriously injured or their property damaged. That being said, this is more for your peace of mind than theirs, as no-one really expects the worst to happen to them or thinks about insurance until they suddenly need it.

4 Accidents and mistakes waiting to happen

Don't assume that there won't be accidents or mistakes just because you've followed all the appropriate health and safety measures. True, it is possible to run a business for many years without it impacting badly on someone else. But is this complacency worth the risk to your livelihood? Many people don't think about taking out insurance until they actually need it. In business you can't afford to take such a risk.

Professional Indemnity Insurance (PI)

Who needs it? Architects, IT professionals, solicitors, surveyors, accountants, journalists and health professionals – in fact most businesses and self-employed individuals involved with professional services take out PI Insurance to protect against the financial consequences of making mistakes when carrying out work for clients.

What is it? PI insurance protects your business from claims against it by clients who have suffered financial loss (directly or indirectly) as a result of using your services. This usually happens in situations where you are negligent in the advice you are giving or in the service you are providing. Your insurance would cover compensation claims by your client along with all reasonable costs relating to the defense of the claim, such as legal fees. Claims could arise from negligence, error or omission on your part; infringement of intellectual property rights; loss of data or documents; libel, slander or defamation; breach of confidence or confidentiality. PI policies are normally claims made policies and only cover claims made whilst the policy is in force.

In addition to financial protection, having PI cover will also give your clients more confidence in your business and this could mean the difference between winning and losing a customer.

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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