

Congratulations to Clint Linden & his award winning team at Advanced AV & Electrical Solutions Pty Ltd!

We congratulate Clint and his team on their recent success.

Recent Success and Awards include:

- ⇒ 2012 South Western Sydney Business Awards - Finalist & Winner – Future Business Leaders
- ⇒ 2012 South Western Sydney Business Awards – Finalist – Excellence in Small Business
- ⇒ 2012 Camden/Wollondilly Local Business Awards – Outstanding Service & Trade



"These recent successes and awards result from not only having fully trained competent staff, but also from the feedback and guidance given by our many valued mentors and service partners", Clint Linden (M.D.) AAVES said. "Further, we value the financial and business advisory advice provided by both Craig and Peter at Pinnacle Tax Accounting whom have helped to establish our corporate structure and company profile; as well as providing business advisory guidance to AAVES Group since its inception - from a 3 man home workshop operation in 2009 to 17 staff today, We've also just recently commenced leasing premises across the road to set up another business division of the AAVES Group".

Advanced AV & Electrical Solutions is a specialised Audio Visual company with its Head Office and showroom based at Smeaton Grange - Narellan. AV staff pride themselves in electronic technical solutions management, from the most diverse applications to the most discerning for homes and offices.

If you would like further information about AAVES contact them on (02) 4647 7723. You can also visit AAVES at www.aaves.com.au

We wish the team at AAVES the very best for their future success.



Swim Safely

Summer is here..... a few basic swim tips

1. Learn how to Swim

Every Australian should be taught acceptable aquatic skills in a safe and friendly environment.

2. Supervise Children

Children should never be allowed to swim unsupervised by adults anywhere. Always remain alert, vigilant and never turn away or get distracted, not even for a moment.

3. Swim Only When a Lifeguard Is on Duty

Swim only when a lifeguard is on duty, in areas designated for swimming and within the flags

4. Do Not Swim Under the Influence of Drugs or Alcohol

Even strong swimmers can succumb to the effects of alcohol and drugs which increase the risk of injury or drowning.

5. Never Swim Alone

As tempting as it may be to catch some time alone in the pool, ocean or river, do not do it. Always swim with a buddy or with a lifeguard present..

6. Avoid Diving Headfirst

Do not dive headfirst into shallow or murky water, or water of uncertain depth. Enter the water feet-first.

7. Use Proper Flotation Devices

Use only approved life jackets and life preservers made to Australian Standards. Always wear an approved life jacket when boating, even close to land.

8. First Aid and CPR

It is a good idea to learn basic first aid and CPR. Rescue measures can mean the difference between life and death.

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Welcome to the summer edition of PTA Newsbeat

Whatever your summer is like, manage your time so that you maximize both work and play this time of the year.

If you do take a vacation, take measures to truly go on vacation and don't check in on your business like 71% of SME owners do. Trust your staff to handle work in your absence.

As another year passes we take the opportunity to thank our clients for your continued support of our firm. We look forward to

servicing your business advice and accounting needs in 2013.

In this edition we try to assist you with key articles on planning for business succession, marketing online, and about tax write-off strategies.

PTA is committed to sharing with you our know-how.

However we welcome any feedback you would like to share with us. Please give us a call or email:

admin@ptagroup.com.au



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If you would like a digital copy of this newsletter, please go to www.ptagroup.com.au. For previous PTA newsletter publications please send us an email: admin@ptagroup.com.au

Have your contact details changed?

To update your details including your email address, visit [www.ptagroup.com.au / contact](http://www.ptagroup.com.au/contact) us or email: admin@ptagroup.com.au

Enjoy the magic of Christmas!

With the festive season upon us, we wish everyone a safe, enjoyable and happy Christmas, and all the very best in 2013.

The Pinnacle Team



Changes to personal tax: clean energy household assistance package

You should be aware that from 1st July 2012, the Household and Assistance Package reforms came to effect, which allow for a reduction in the amount of tax withheld to help low and middle income households with the expected rise in the cost of living, as we move to a low pollution future.

Under these package reforms:

- ⇒ The tax-free threshold increases from \$6,000 to \$18,200;
- ⇒ The first marginal tax rate increases from 15% to 19%, applying to earnings that exceed \$18,200 but do not exceed \$37,000.
- ⇒ The second marginal tax rate increases from 30% to 32.5%, applying to earnings that exceed \$37,000, but do not exceed \$80,000;
- ⇒ Taxpayers with income below \$80,000 receive a tax cut (most receiving up to \$300 per year);
- ⇒ The maximum value of the low-income tax offset reduces from \$1,500 to \$445, with the reduction rate being decreased to 1.5% on income over \$37,000.
- ⇒ Individuals are entitled to receive a tax offset if their taxable income is below \$66,667; and
- ⇒ The pensioner tax offset will merge with the more generous senior Australian tax offset and be called the seniors and pensioners tax offset [SAPTO].

For more information about changes, visit

www.australia.gov.au/householdassistance

We farewell a test cricket legend



We salute Ricky Ponting, for his two decade-long test cricket career.

He became Australian team captain in 2004 and is the most successful Australian skipper, winning more Tests than his Australian counterparts in the past.

Ricky scored 13,378 Test runs at an average of 51.85, including 41 centuries. He shares the record for most Test appearances (168) with his predecessor Steve Waugh. We wish him well in his future life.

Are you eligible for a tax write-off?

Did you know that small business could effectively get an immediate tax write-off of up to \$5,000 if you buy a Ute? Or a massive refund of some of the tax you paid last year.

There are some handy tax breaks around, but to take advantage of them you need to know what they are. Now is the time to plan how you'll use these tax tactics such as:

Carry back tax losses – the new “loss carry-back” measure could be a sanity saver if your business is hit by a downturn. It's a tax tactic that could see an SME get a refund of up to \$300,000 in previously paid tax.

It's a way to minimise cash flow pressures if your business suddenly finds itself in the red after a period of profitable trading. A business can now apply up to \$1 million of current years losses against profits made in the 2011-2012 tax year. This increases to two years from 2013-2014;

Asset write-offs – if your business has an aggregate turnover of less than \$2 million, you can now immediately write off new business assets that cost less than \$6,500. Any assets you've brought recently

including laptops, desks or even a fridge could be fully written off in the year of purchase rather than having to depreciate its value over its useful life.

On top of this you could claim an immediate write-off of \$5,000 for motor vehicles acquired during this financial year.

Reducing your capital gains tax – there are a number of small business tax concessions that can reduce your capital gains tax (CGT) liability on selling a business asset. But what you may not realise is that if you put the proceeds into your superannuation fund or retirement savings account, then up to \$500,000 of it may not be taxed at all.

Please give us a call if you would like more information or a chat about how you can make most of what's on offer.



New reporting requirements for businesses in the building and construction industry.

If you operate a business in the building and construction industry, you should be aware that effective from 1st July 2012, you are required to report the total payments made to each contractor for building and construction services.



The first Taxable payments annual report is due 21st July 2013 for payments made in the 2012-13 financial year.

For more information and advice, give us a call.

In the community

ECD is seeking local business help and support!

ECD's success depends on the generosity of businesses and people making a tax-deductible donation of funds and sponsorship support.

For more information or to see how you can help this wonderful local charity cause: visit

“In the Community” at www.ptagroup.com.au



Striking a healthy balance

Fitness guru Michelle Bridges gives her top five tips for busy business owners on staying healthy while ensuring you maintain a work-life balance.

- 1) Join an online training program that can include exercises, meal plans and mind-set videos. Join one that is family orientated giving the whole family the chance to bond while eating healthily and getting fit with fun activities.
- 2) Plan to get your exercise out of the way in the morning.

- 3) Plan to shop once a week with a small top-up along the way. That'll stop you from grabbing 'fast food' out of convenience.
- 4) Don't bring your work home – this is truly important if you wish to maintain a work-life balance.
- 5) Make the most of different forms of media, whether TV, DVDs or podcasts, to exercise in your own home.

For more tips / information go to www.michellebridges.com.au



Tailor your insurance to protect your business against a wide range of events

Business owners should revisit their insurance plans on a half yearly basis to avoid wasting money or being caught out when it's time to make a claim.



It's all about prudent financial and risk management. Underinsurance is a major risk for all SME businesses.

The smart approach is to start with what level of cover you need this year rather than what level of cover you paid last year. Your accountant has a critical role in helping the business owner determine the true valuation of business assets. While depreciation can create a written-down book value, it's the replacement value of business assets that should be the sum used for insurance purposes.

Ask yourself:

- ⇒ Has business premises expanded or become smaller?
- ⇒ Is the business carrying more or less stock?
- ⇒ Has business revenue increased or decreased?
- ⇒ Has the business brought any new equipment?
- ⇒ Are business processes streamlined; are we doing more with less? Either way the sum used for insurance purposes will change.
- ⇒ Does my worker's compensation Industry classification accurately reflect my business activities?

It is important that you get help from your accountant to derive business asset valuations and advice from your insurance broker as to best insurer – the type and appropriate level of policy covers required to meet your specific business and personal insurance exposures need.

How to market your business online

Today, the need for a business to have an online strategy is clear. You need to find a solution for your own specific online business need.

It is important to realise that when it comes to internet marketing, there is no 'one size fits all' solution.

Instead SMEs will need to engage in very different marketing tactics in order to achieve all of their marketing goals.

Both the method and the message need to be unique. The key online tools for internet marketing include:

- ⇒ *Social Media* – use Facebook page /Twitter account /social network such as LinkedIn.
- ⇒ *Google Ad-words* - allow advertisers to bid on keywords that their users/targets are searching in order to position simple text advertising at the top of, or to the side of, the regular Google search results.
- ⇒ *Search Engine Optimisation* - all business will benefit from potential clients visiting their websites which they are likely to find by making a search on Google. Obtaining visitors from Google's 'organic listings' has added advantage that it is free.
- ⇒ *Other online advertising and promotion opportunities* will depend upon the business focus of SME. Mediums include free local directories such as True Local and paid promotions such as Yellow Pages online.



“Know the rules before making the leap”

Social Media is about building relationships with clients. Don't do the hard sell—that is the most common mistake businesses make. SME owners need to understand that social media is not just a way to sell to their fans, but rather a chance to build brand awareness, find out what customers need and build relationships; so that their business can become a better provider. Ultimately this will help their business succeed but time, effort and patience are required.



Fast Fact

27% of small, 34% of medium and 79% of large Australian businesses have a social media presence.

Source: Yellow Social Media Report May-June 2012

Source: Charter, September 2012, Vol 83, Issue 8

Business Success: it's all in the team

In order to be able to grow a business, owners need to recognize their own strengths and weaknesses. They must be able to subject themselves to some rigorous self-evaluation. It's only when owner's know their weaknesses that they can appoint a business management team to fill in any gaps.

Research shows that business success is not necessarily dependent on the management skills of the business owner(s) alone, but on the recognition by the owner(s) of their own strengths and limitations.

When these are honestly assessed, the owner(s) are then able to surround themselves with a team that complements their skills.



Often ego prevents the business owner from acknowledging their own deficiencies and allowing other people to have a degree of control over the business – this can be fatal.

Family businesses in particular often try to slot family members into management positions they do not fit, instead of determining the skills and characteristics that the business needs in a balanced team.

The diversity of successful business operators belies an ideal management style. What is critical is that the business has the right balance of skills and personality/ behaviour types. Often this balance is achieved through hit-n-miss, gut instinct or sheer good luck.

A more reliable approach requires an SME owner to first have an honest assessment of their own skills and traits. While this may be confronting it may also be the key step to a successful business.

*audience
rt marketing*

NEED ASSISTANCE.....

PTA provide business & marketing planning services to small and medium size businesses. If you would like help developing your plan, contact us on (02) 4655 7711 or visit www.ptagroup.com.au

Planning For Business Succession: Some critical tax and asset related issues that you need to take into account

Private businesses frequently reach a stage in their life cycle when the founding owners need or want to issue equity in the business to key employees or family members. Having made this decision, the proprietors generally believe the hard work / thinking has been done. But this is not necessarily the case.

The process will involve questions such as:

- ⇒ What is the business structure?
- ⇒ Is it intended that the employee or family member pays for the equity?
- ⇒ If so, how is this to be funded?
- ⇒ What are the intended objectives of the equity-participation?
- ⇒ Is it intended the participant receive a regular income stream such as a dividend on their equity?
- ⇒ What is the intended exit process? Will the business or principals offer to buy back the shares?

The answer to these questions not only drives the commercial outcome but also the 'tax' consequences. The myriad of tax issues to consider include capital gains tax on exit, value shifting, company and trust loss provisions, fringe benefit tax, and Division 7A and many others.

Beyond the tax issues the owners also need to consider the broader commercial and legal ramifications of having additional stakeholders in their business such as:

- ⇒ To what extent will new shareholders be involved in key decision-making?
- ⇒ To what extent will confidential business or financial information need to be divulged to the new shareholders?
- ⇒ Will the new shareholders have the same exit timeframe of plans for the business?
- ⇒ Will shareholders require annual dividends to be paid?
- ⇒ What restrictions if any should be placed on the transfer of equity?

All stakeholders need to be clear about expectations and the influence they will or will not have on the business as a consequence of owning equity.

Reliability can be a crucial selling point

Doing what you promise is one way to ensure customers keep coming back.

When prospective customers think about buying goods or services from a business there a few things they consider: the product itself, the price and the service. But they also think about whether they can trust the business – that is whether they believe the business will deliver what it says it will.

Trust is a key attribute for any business, but it can often be overlooked by small business owners who wholly focus on product, service and price. Trust is really an old-fashioned notion, but it's really that you're going to do what you promise. In fact, some businesses can be built with trust as their main selling point.

Trust... is a calling card ... a big attraction for potential buyers looking for old-fashioned service.



Trust Me !

Lifestyle

Tough Economic Times Increase Risk to Homes

By Rowan Gregson***, Director, Pestec Pty Ltd, Narellan



The economic climate has forced many of us to tighten our belts and, as a result, forego some of the usual household maintenance activities such as pest control and termite inspections. And whilst spiders and ants might be a nuisance, it's termites that can actually cause significant and costly damage to homes in a relatively short period of time.

Unfortunately, termites are a part of Australian life, and regular termite inspection and occasional treatment is normal and necessary.

All homes are at risk, even new homes. We have seen homes in many areas of Sydney, including our local area, infested by termites even before lock up stage.

Homes built on concrete slabs are particularly at risk – not because of the construction method, but because of what we do when the house is complete. We install concrete pathways and build garden beds next to the house which can allow undetected termite entry into the home.

There are many things that you can do yourself to minimise the risk of termite attack and damage.

Here are a few of them:

- ⇒ Remove waste material and stored items from around and under the house
- ⇒ Fix any leaking taps, gutters and downpipes
- ⇒ Drain hot water system and air conditioning unit overflows away from the house
- ⇒ Use non-timber materials for retaining walls and garden edging
- ⇒ Keep stored timber off the ground and away from the house
- ⇒ Don't build garden beds next to the house
- ⇒ Ensure the concrete slab edge is visible all the way around the house

Have a termite inspection carried out every 12 months by a reputable company

By just being diligent and taking a few steps to reduce the conducive conditions around your home, you will go a long way to ensuring that your home remains termite-free. For more information or advice, visit pestec.com.au or call 1800 111 616.

***Rowan Gregson has over 28 years' experience in the pest management field, is an industry trainer and assessor and past Chairman of Sydney and NSW branches of the national industry association. He sits on several industry bodies overseeing training and licensing issues.



Funnel Web Spider

Red Back Spider

Termite Damage

Termites



Watch

Looper
FilmDistrict,
Bruce Willis, Joseph Gordon-Levitt,
Emily Blunt
DVD release - 31 December, 2012

In the futuristic action thriller *Looper*, time travel will be invented - but it will be illegal and only available on the black market. When the mob wants to get rid of someone, they will send their target 30 years into the past, where a "looper" - a hired gun, like Joe (Joseph Gordon-Levitt) - is waiting to mop up. Joe is getting rich and life is good... until the day the mob decides to "close the loop," sending back Joe's future self (Bruce Willis) for assassination

(C) Sony

This Season We Sample 'Block 1 Reserve Chardonnay' 2009

Leura Park Estate, Victoria RRP: \$40.00

Aw, Just a look at Aussie Chardy nowadays. All grown up and sophisticated. It's remarkable to think that this variety was once the wine equivalent of Austin Powers - mad, brash and dangerous to know. Nowadays it's more like James Bond - cool seductive and

unerringly accurate. Case in point: this Chardonnay from Victoria's Ballarine Peninsula. On the palate it's the perfect balance of fresh stonefruit and lemon peel, coupled with fine mineral flavours and some subtle oak. That's followed by a lingering honeysuckle finish. The

folks at Leura Park Estate don't call this Reserve Chardonnay for nothing. It's the epitome of quiet confidence and restraint.

Andy McLean

Source: Charter, September 2012, Vol 83, Issue 8



How to tell if there's a storm brewing with the bank

The days of easy credit are long gone. So it's more important than ever for you to develop a good relationship with your bank—spot the warning signs of potential trouble.

Look Outside

External events and trends can change a bank's appetite to lend. For instance, when ABC Child Care failed, the banks investigated reviews of all exposures to this sector. Valuations came under pressure, borrowers breached loan to value ratios (LVR) covenants, and banks became concerned and reduced LVRs. This led to further defaults and so the downward spiral continued.

If you operate in sectors that are under stress (like manufacturing or retail), they are attracting closer levels of scrutiny from the bank credit department. Banks are also paying greater attention to businesses that primarily supply majors like Coles and Woolworths. Banks see firsthand how meeting the expectations of the major players on volume, supply and terms can play havoc with the cash flow of small players.

Find the answer within

Perhaps the most obvious sign is difficulty in gaining approval for increased limits, especially short term excesses on overdrafts where there is a history of the bank being supportive. Banks nowadays seem to be taking longer to make decisions.

Banks periodically review their security, most notably property revaluations that are usually required every two to three

years. But if the bank seeks more regular or detailed independent security revaluation this could indicate some concern.

Similarly more frequent or detailed insurance checks or new or increased requirements for key person insurance might also be a red flag.

Reduced LVRs, tightened loan conditions, covenants and amortization requirements are further warning signs, as is any breach of a loan covenant. A letter of non-waiver often follows a breach, which is a good thing. A borrower should be more concerned if a non-waiver is not issued because it could mean that the bank is not going to waive its rights but rather exercise them.

The departure of a long-standing bank manager with whom the client has enjoyed a good relationship is a warning sign. This can be compounded when the manager's assistant and/or boss move on around the same time.

Staying ahead of the game

Central to this is the "How, When, Who and What" of communication:

How: Maximise face-to-face contact with the bank in order to build the personal relationship.

When: The regular (usually quarterly or at least annually) review process provides the perfect opportunity for face-to-face communication with the bank.

Who: Three-way meetings between yourself, your accountant and the banker give the bank comfort.

What: Ensure you provide all the information the bank requires and, if in doubt, provide more not less. Double check that information is accurate and make sure information is always provided by the due date.

Prudent risk management suggests borrowers should not have all their banking eggs in one basket. Develop a contingency plan that is not reliant on one bank taking out another, such as selling assets, raising capital, entering a joint venture.

If you are concerned that you don't have the time or expertise to appropriately engage with banks, don't ignore this risk or consign it to the 'to do later' list. There are specialist banking relationship advisors who can help.

Source: Extract from Neil Slonim, page 34, *Charter*, September 2012, Vol 83, Issue 8

We encourage SME owners to be vigilant about your banking relationship. If bank funding is a necessity, then there is no reason for complacency.

A Super Meltdown—Australia is heading for a retirement savings disaster

Australia is headed for a retirement savings disaster, according to research commissioned by CPA

Australia. The study, titled **Household Savings and retirement: where has all my super gone?**, has found that Australia's compulsory superannuation scheme—introduced 20 years ago to ease pressure on the age pension and improve retirement living standards—has failed to deliver some of its core objectives.

Rather than saving for a self-funded retirement, it appears Australians approaching retirement age are likely to incur greater debt and spend more, then treat their lump-sum super payment as a windfall to pay off debt or support higher-than-anticipated retirement spending.

The study also shows the Super Guarantee (SG) system has failed to take into account changing work and demographic patterns,

which has left groups such as women and casual workers at a distinct disadvantage. It has also caused a reduction in other forms of household savings.

CPA Australia is calling on the Australian Government to consider a major superannuation review, particularly with regard to lump-sum payments, warning that failing to do so will seriously impact on Australia's budgetary bottom line and have far-reaching economic and social consequences...

... "The system appears to be failing on a number of key aspects; adversely affecting those on lower risk incomes as well as encouraging higher risk and higher-g geared investment behavior among those on higher incomes."...

... CPA Australia head of business and investment policy, Paul Drum, says an overhaul of superannuation is vital to ensure all Australians get value for money, especially with

the SG increasing from 9 per cent to 12 per cent from July next year....

Where did it go wrong?

When compulsory superannuation was introduced 20 years ago it was designed to supplement, and in some cases replace, the age pension and provide retirement income that would meet people's needs and expectations.

It was originally envisaged the employer contributions of 9 per cent would be matched with a 3 per cent employee co-contribution; on this basis, a person would achieve a 40 per cent replacement rate by age 65 after about 40 years of contributions.

However, higher household incomes, asset price increases and access to easy credit have led to higher retirement living standard expectations.



How is your super performing?



Think you could do better?

Have You Considered Taking Control of Your Own Super?

Self-Managed Super Funds are increasing in popularity as an investment vehicle for wealth creation.
People set up their own SMSF for a variety of reasons including control, flexibility and personal investment choice.

Contact us today
(02) 4655 7711
www.ptagroup.com.au
- the right SMSF advice matters....



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“Do you know a friend, relative or business colleague who would benefit from our services? The highest compliment you can give us is to recommend us to them.”

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We are the experts in small and medium business

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