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Team Focused on *Changes for the* HOSPITALITY & Gaming Sector

The Hospitality & Gaming Industry faces significant challenges in the next few years. As a result of increased gaming taxation, smoking bans and increasing levels of harm minimisation regulation, many clubs and hotels will face severe pressure on their bottom line results.

The expanded Hospitality & Gaming Division of Lawler Partners has been preparing for these changes by identifying ways in which licensed venues can continue to prosper in the ever changing and challenging environment.

The team has drawn on over 25 years of providing professional services to Registered Clubs as well as thoroughly researched knowledge on the changes that flow from new legislation and community expectations.

The Lawler Hospitality & Gaming team has won wide industry recognition for its expertise and contribution to the success of many clubs and licensed venues, for its participation in many industry events and conferences as well as its past involvement in ClubsConsulting.

Professional services provided to licensed venues by Lawler Partners include Social Impact Assessments, Corporate Governance Advice, Audit, Taxation, Amalgamations, Operational Reviews, Management Accounting, Information Technology, Property Advice and Feasibility Studies, Marketing Services, Finance, Strategic & Business Improvement Planning.

Todd Peate who leads the Team, said that "Our experience tells us that Registered Clubs & Hotels require particular qualities from their advisers. These include a sound working knowledge of the Hospitality & Gaming industry and the unique issues faced by these venues."



Above (L-R): Todd Peate, Bob Ferris, Peter McLean, Penny Plumridge & Margaret Carew.

Todd Peate has a background in the hotel industry in which he owned and operated a successful inner city hotel as well as having provided accounting and advisory services to hotels and Registered Clubs.

Peter McLean is a Director of Lawler Partners and has more than 25 years experience and is an acknowledged expert in all areas of Registered Clubs and other hospitality venues.

Bob Ferris has more than 30 years operational and management experience in the club, hotel and hospitality industry being the immediate past CEO of Panthers Newcastle and Cardiff.

Margaret Carew has in excess of 16 years experience in managing Registered Clubs and has extensive experience in operational and financial reviews of clubs, amalgamation facilitation, social impact analysis, business and strategic planning and director training.

Penny Plumridge is the executive assistant for the Team and responsible for all client liaison and coordination.



Putting PLANS

IN PLACE

“Lack of succession planning is threatening the livelihood of Australian family businesses.”

The median age of family business Managing Directors (MD) in Australia is 53 and most will retire in the next nine years. Yet, fewer than 40% have identified their next MD and fewer than 23% have documented succession plans.

More than a third of family companies in America expect to change leadership in the next few years when their MD retires. However, more than half are yet to choose a successor. The American results are from the Mass Mutual / Raymond Institute American Family Business survey in 2003 and the Australian figures are from the Australian Family and Private Business survey conducted by Boyd Partners.

In commenting on the US survey results, US family business adviser, Len Green, pointed to the psychological barrier in front of succession planning: “Creating a plan means the MDs must admit they will lose power and that a new leader will change the business,” (*Wall Street Journal*, 25 August 2004).

When it comes to the psychological barriers stopping succession planning there are many obstructions, including:

- Choosing one child over another
- Admitting no child really has the necessary business skills to run the business or do they want to?
- Loss of personal identity, which is particularly prevalent in a founder whose life has been the business
- Inability to distinguish being head of the family and head of the business.

However, choosing successors can be dealt with much more comfortably through a succession planning process and a strong facilitator who'll take some heat off the incumbent MD. However, the factors that stop the MD getting to the first hurdle relate to them personally and go to the depths of their self image and self esteem - concerns with loss of status, image, power and even mortality. MDs such as these are often strong, willful, paternal and justifiably proud. Generally, they don't seek

advice and wouldn't acknowledge any need to deal with their 'psychological barrier'. What we're dealing with here is simply a personality type who has the ego, confidence, force and determination to build and run a successful business.

Green hits the mark when he pointed to loss of power as the chief stumbling block for these people. Golf can fill in time, while community work can provide a network, but will they be a substitute for the buzz of running your own show.

The US is awash with consultants who specialise in the psychological issues of family business. But most family business MDs haven't addressed succession and avoiding the issue can bring dire consequences:

- The successor may not be able to be properly groomed for the job
- Prospective successors may get tired of waiting and leave altogether
- The business and family will function with uncertainty and mistrust
- The incumbent may pass his/her 'best before' date
- The optimal means of succession may not be achieved because the absence of a planning process will mean the alternatives - such as trade, sale or management buy out - have not been considered.
- The business may have no leader if the incumbent dies.

All these operate to devalue the business that has been the life's work of the MD, who may damage or destroy his/her own creation and leave the family less harmonious and less affluent than it might be otherwise. So forget the psychology. A few hard facts are often needed to get the succession planning to eventuate.

Lawler Partners Director, Simon Rutherford and your Lawler Partners Client Relationship Manager have specialised skills to help you.

Simon can be contacted at
srutherford@lawlerpartners.com.au or
 phone 02 4962 2688

The next article in this series will deal with Maximising the Sale Value of Your Business.



IGNIS

TO BE RELEASED SOON

Australia's First Manufactured Golf Ball

Mudgee based company, Ignis is poised to take on multinational companies like Titleist and Srixon for a share of the lucrative Australian golf ball market.

According to Managing Director, Jason Brooks, Australia currently imports 21 million golf balls annually mostly from Asia.

"It would be great if an Australian company could take part in the action," he said.

Mr Brooks believes the opportunity is far greater than just the Australian-made story.

"Obviously everybody feels good about jobs for Australians but this isn't Ignis's only competitive advantage."

"Our first ball, the Vantage has been designed to improve the average weekend warrior's game," Mr Brooks said.

We started by using computer controlled hitting machines to perfect the core equilibrium this ensures optimum ball performance for both distance and accuracy.

The team then dissected various leading balls on the market and were surprised at the performance variations obvious from manufacturing inconsistencies.

"We realised if we had consistent manufacturing and better quality controls our balls would be more reliable," Mr Brooks said.

"We're proud of the result a Coretanium TM centre developed from Australian technologies and made here but better still our players will have a game they too can be proud of."

Mr Brooks explained the other key features of the Vantage included the straight flight and roll technology for accuracy and long straight driving and the tour proven cover including a 432 dimple design pattern that reduced resistance and ensured flight stability.

The Vantage is Ignis's first high performance golf ball engineered for

distance, feel and accuracy and conforming to USGA guidelines. It would be launched in June this year.

Ignis corporate balls are available now.

The Ignis team are grateful for Lawler's help with the launch and look forward to working together as the Ignis product range expands.

"The Lawler team were able to provide advice that allowed us to get on with the job," Mr Brooks said.

Mr Brooks said Ignis is a young challenger company that wants to challenge the status quo of the golf market and live its vision of "taking golf further."

To find out more about Ignis visit
www.ignis.net.au



Happenings

Lawler Partners

Welcome

To ensure we continue to provide our clients with the most relevant and best possible advice, Lawler Partners are committed to acquiring highly skilled and talented professionals to work within our various business units.

Experienced Liquidator Joins the Team

- The Business Recovery and Insolvency team welcomes [Stewart Free](#) to the Practice. Stewart is a Registered Liquidator and possesses more than 9 years Insolvency experience within the Sydney market.



Stewart has had extensive corporate experience in the areas of manufacturing, construction, retail and travel. His experience has covered all aspects of corporate restructuring and insolvency. Stewart's background includes experience with both large and small corporate failures and he brings a personal and friendly approach to a sometimes difficult field.

He says the greatest pleasure in his job is to facilitate the restructuring of a company who is in financial difficulty and achieve a result that allows for the ongoing employment of the company's workforce.

Congratulations

- Congratulations to wheelchair marathon gold medallist, Kurt Fearnley who won the Lawler Partners sponsored Male Disability Sporting Award at the Newcastle Sports Awards on March 6th. Congratulations also to Susie Batkovic, Olympic silver medallist (Basketball) and a client of our Business Services team who was awarded the Best Female Athlete over 18 years.

Lawler Partners



www.lawlerpartners.com.au is a dynamic website specifically focussed on the needs of our clients and members of our Professional Advisers Network.

As some of the articles in this edition demonstrate, Lawler Partners constantly adjusts its services for clients to match changing environments whether they are industry sector specific, taxation or wider economic issues.

There is, therefore, value for you in occasionally refreshing the site onto your system.

You might like to visit areas for start-up business, for business undergoing high growth, for those mature businesses or search the site for topics of interest.



Above: The Newcastle Business Recovery and Insolvency team enjoy an afternoon of sailing on Lake Macquarie with the team from Central Coast accounting firm Purkiss Cullen.

Picture Gallery

Pictured at the firms Professional Advisers Christmas Function at the Engineroom - Honeysuckle are:



From Left: Jennifer Cripps (Hunt & Hunt Lawyers) with Paul Douglas (Lawler Partners) and Susan Moran (Hunt & Hunt Lawyers).



From Left: Paul Mitchell (Thomas Mitchell) and Jim Agriris (Gianacas Agriris & Monnox) with Paul Gidley (Lawler Partners).



From Left: Kate Maher (Braye Cragg Solicitors) with Ray Tolcher (Lawler Partners).

Pictured enjoying drinks at Mangrove Jacks are:



From Left: Mark Arnold (Lawler Financial Services) with Dianne & Alan Bentley.



From Left: Ashley Filby (Lawler Partners) with Graeme Bennett and Wayne Cleaver (Financial Analysis Service of Australia).



From Left: Steve Beattie & Terry Maguire (ANZ Bank), Paul Cragg (Westpac) with Bob Ferris (Lawler Partners).



From Left: Terry Lawler (Lawler Partners), Jeff Connell (Reinventures) and Chris Momsen (Armcrest Finance).

NO Choice

for Choice in

SUPERANNUATION

Commencing on 1 July 2005 many Australian employees will now have the option of selecting a complying super fund to have their Superannuation Guarantee Contributions (SGC) paid.

For employers, you may have to make contributions to a greater number of funds than at present.

- *Are you ready?*
- *Are your payroll and administration systems capable of handling the additional burden associated with the new choice arrangements?*
- *Do you have an action plan for communication of choice to your workers as well as training staff to deal with enquires?*
- *Does your staff know the difference between general information and advice?*

WHO MUST BE OFFERED CHOICE

Most workplaces will be affected by the new super rules. The choice rules will apply to any individual who is defined to be an employee under the Super Guarantee Act, which generally applies to employees covered under federal awards or industrial agreements. However the application of the choice rules are best determined for each employee on an individual basis.

It may be easier though to know which employees are not affected by choice. The following groups of people will not have the right to choose their own fund under choice legislation:

- Employees covered by state industrial awards that deal with superannuation (except employees under WA State awards and certain Vic State agreements where powers were referred to the commonwealth).
- Employees covered by an Australian Workplace Agreement (AWA) that specifies superannuation or a Certified Agreement (CA) that deals with superannuation.
- Commonwealth employees who are members of the Commonwealth Super Scheme (CSS) or the Public Sector Super Scheme (PSS).
- Employees whose contributions are made to unfunded public arrangements.
- Defined Benefit fund members where the employee would retain an entitlement in the fund even if future contributions were paid to a chosen fund.

HOW WILL THE PROCESS WORK

You must give your eligible employees a 'Standard Choice Form' that enables them to nominate a complying super fund of their choice to receive SGC.

- For all existing employees as at 1 July 2005, the form must be provided by 29 July 2005.
- For all new employees after 1 July 2005 the form must be provided within 28 working days of commencing work.

For those employees who do exercise choice, employers have two months to comply with their request.

INSURANCE REQUIREMENTS

Where an employee doesn't exercise choice, employers are required to make SG contributions to a default fund, which under the new choice legislation must offer a minimum level of insurance (i.e. death cover).

PENALTY PROVISIONS

If you do not forward your Superannuation Guarantee contributions to the fund that an eligible employee has chosen then you will be subject to penalties.

The penalty is calculated as the lesser of 25% of contributions that were made incorrectly, or \$500 per quarter per employee.

As employers you can prepare for choice by ensuring that you start planning for 1 July now. It is essential to have your systems and procedures in place well before the commencement date, especially payroll.

Where superannuation arrangements meet the requirements of employees and are able to provide the best possible benefits, in the vast majority of cases employees are not willing to change. This will alleviate the demands on your payroll system to be able to accommodate the processing of additional cheque payments each time.

REVIEW YOUR CURRENT SITUATION

To ensure you are compliant and the fund is meeting your employees needs, Lawler Financial Services is able to assist.

Contact David Williams of Lawler Financial Services on 02 4928 7000 to discuss your situation and arrange for a review.

FRINGE

Benefits

With the fringe benefits tax (FBT) year ending on 31 March 2005, now is the time for you to check if you have provided benefits to your employees during the year that attract FBT.

IT'S ALSO TIME TO REVIEW YOUR FBT STRATEGIES FOR THE UPCOMING NEW FBT YEAR.

Bear in mind that a key objective of FBT planning is to provide benefits to your employees in the most tax effective way for your business, while still keeping your employees happy.

MAKE USE OF EXEMPT BENEFITS

Providing your employees with FBT exempt benefits is tax effective for both you and your employees.

If you comply with the requirements that make a particular benefit FBT exempt, as well as being exempt from FBT as far as the employer is concerned, these types of benefits are generally not subject to income tax in the hands of your employees.

Some of the FBT exempt benefits you might consider providing include:

Certain work-related items

Mobile phones (must be used primarily for employment)

Laptop computers (only 1 per employee per year)

Computer software (eg, electronic diary software)

Briefcases and calculators

Protective clothing that is required for a job

Tools of trade (eg, loose tools like hammers, wrenches, chisels and hand operated power tools)

Car parking

If you are a qualifying small business (your total business income for the last year of income is less than \$10 million) you can provide car parking free of FBT, provided it's not in a commercial car park.

Newspapers and periodicals

The costs of providing these publications to employees for business purposes.

Minor benefits - benefits of less than \$100 in value that are infrequently provided and/or difficult to record and value, eg:

Use of a business vehicle by an employee for a special purpose

Stationery from the office that employees use for private purposes

Christmas gifts to your employees

Membership fees and subscriptions

Includes trade or professional association fees, subscriptions to their journals, an entitlement to use a corporate credit card, as well as an airport lounge membership.

Some travel by an employee

The cost of travel (eg, taxi fares) where the travel is a single trip beginning or ending at work or as a result of an employee's sickness or injury.

HAD AN OFFICE CHRISTMAS PARTY?

Now that the festive season is over, if you've had a party for your staff you should be aware that you may have an FBT liability. Any FBT implications will vary depending on:

Who received the benefit of the entertainment (staff, friends/associates of staff and/or your clients);

Where the function was held (in the office or offsite, eg, a restaurant); and

When it was held (on workday or not) and the total amount spent.

Our specialist Tax Team is available in both our Sydney and Newcastle locations to provide you with assistance and advice on how to better structure Fringe Benefits Tax for your business.

Tax Calendar

March 2005

- 21 Due date for lodgment and payment of February 2005 monthly BAS and IAS.
- 31 End of the 2005 Fringe Benefits Tax (FBT) year.
- 31 Due date for lodgment of income tax return and payment of tax for company and superannuation fund taxpayers (turnover more than \$2 million but less than \$10 million) in the latest year lodged.

April 2005

- 21 Due date for lodgment and payment of March 2005 monthly BAS and IAS.
- 28 Last day for payment of March quarter employee superannuation contributions to

May 2005

- 15 Due date for lodgment of income tax returns (where a tax liability exists) and payment of tax for all tax returns for the June 2004 year end not previously required to be lodged.
 - 21 Due date for lodgment and payment of April 2005 monthly BAS and IAS.
 - 21 Due date for lodgment and payment of FBT returns for the FBT year ended 31 March 2005.
- avoid liability for the Superannuation Guarantee Charge.
- 28 Due date for lodgment and payment of March 2005 quarterly BAS and IAS.

Buying & Selling Gaming Entitlements

We are continually asked by Registered Clubs and Hotels about the current market price of gaming machine entitlements and who do we buy or sell to?

In terms of the market value for Registered Club entitlements, since the announcement of the increases in the gaming machine tax, the market price initially plummeted. The market price has now partially recovered and currently rests between \$10,000 and \$15,000 for each entitlement. It needs to be recognised that the market price fluctuates over time and is dependent upon the demand for entitlements at any given time, so any club considering buying or selling entitlements would be well advised to research the market at that time.

In respect of Hotels, the market price is approximately \$125,000 per entitlement, but due to limited supply this will steadily increase.

If you have an approved Social Impact Assessment and are now looking to purchase the entitlements or are

looking to sell entitlements, [Lawler Partners Entitlement Exchange](#) can assist your club readily access buyers and sellers of entitlements in an efficient and effective manner. Please contact either Penny Plumridge on 02 4928 7016 or Margaret Carew on 0409 999 909 for assistance.



SYDNEY

Level 7, 1 Margaret Street
Sydney NSW 2000 Australia
PO Box 5446 Sydney 2001
T 02 8346 6000 F 02 8346 6099
E info@lawlerpartners.com

NEWCASTLE

763 Hunter Street
Newcastle West NSW 2302 Australia
PO BOX 2368 Dangar 2309
T 02 4962 2688 F 02 4962 3245 DX 4303
E mail@lawlerpartners.com.au

www.lawlerpartners.com.au

CONTACTS

AUDIT

Jeff Abela
T 02 8346 6064

BUSINESS RECOVERY & INSOLVENCY

Paul Gidley
T 02 4935 6184

BUSINESS & STRATEGIC PLANNING

Simon Rutherford
T 02 4935 6109

HOSPITALITY & GAMING

Todd Peate
T 02 4928 7009

CORPORATE ADVISORY

Simon Rutherford & Terry Lawler
T 02 4935 6109 T 02 4935 6115

EQUIPMENT FINANCE, INSURANCE PREMIUM FUNDING & MORTGAGE BROKING

Brett Derwin
T 02 4927 5799

FINANCIAL PLANNING & INVESTMENT ADVICE

Mark Arnold
T 02 4928 7000

FIRM & STRATEGY MATTERS

Gavin Houston
T 02 4935 6143

FORENSIC ACCOUNTING & LITIGATION SUPPORT

Ray Tolcher
T 02 4935 6112

INFORMATION TECHNOLOGY

Steve Meyn
T 02 4935 6199

MANAGEMENT CONSULTING - GOVERNMENT

Keith Rogers
T 02 4969 6610

SUPERANNUATION

Damien Passmore
T 02 4935 6157

SMALL BUSINESS

Peter Coughlan
T 02 4935 6113

TAXATION

Ian Rodrigues
T 02 4935 6114



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