

In this Edition

Welcome Message from the Managing Director	2
Business Recovery The new Personal Property Security Act	3
Innovation Advisory service for pharmacy owners	4
Audit Detecting and preventing fraud in your organisation	5
Community Breast Care Fundraiser Breakfast Camp Quality Killimanjaro Trek Around the Bay in a Day Annual Golf Day	6
New Appointments	8
Client Feature Sharp Electronics Group	9
peoplefusion Recruitment – make every interaction a good one	10
Taxation Changes to rules for payment of dividends	11
Professional Support Support and advisory service for accounting and legal professionals	12
Superannuation Borrowing to buy property through your SMSF	13
Marketing Services Marketing – what is it and why do you need it?	14
Tax Calendar	16

A QUARTERLY
PUBLICATION OUTLINING
RELEVANT BUSINESS
ISSUES FOR YOU

www.lawlerpartners.com.au

INNOVATION
NEW ADVISORY
SERVICE FOR
PHARMACY
OWNERS

BUSINESS RECOVERY
PERSONAL PROPERTY
SECURITY ACT –
ARE YOU READY?





Welcome to the Summer Edition of LawlerLink

Welcome

Heading towards the end of the calendar year, it is pleasing to see evidence of the resilience of the NSW economy as we continue in recovery phase from the financial downturn.

Business sectors with particular momentum and opportunities appear to be those in globally focussed areas, including financial and business services, high value manufacturing and agriculture, mining and information communication technology.

We have a number of clients who are leading the way in their respective fields. We would particularly like to acknowledge C & W Constructions Pty Ltd, who won the MBA 2010 Excellence In Building Awards in the commercial projects \$1.5 – \$3 million category for the Holmesville Fire Station project and Saké Restaurant & Bar who were awarded a coveted Chef's Hat in the Sydney Morning Herald Good Food Guide Awards. You can also read about long term client, Sharp Electronics Group on page 9 who are our client feature this issue, and who continue to thrive in their dynamic and highly competitive industry even after 40 years in business.

On page 3 we outline the complex Personal Properties Securities Act (PPSA) rules coming into force from 1 May 2011. To assist with the introduction of the PPSA, Lawler Partners will be conducting client briefing sessions in Newcastle, Sydney and Maitland in February 2011. We will also be providing client in-house training and PPSA implementation from February 2011 once the regulations are published. To register your interest for one of our briefing sessions, please contact Kylie Long on (02) 4962 2294.

In other developments at Lawler Partners, we are planning the 2011 program for our new Finance Professionals Network, with the assistance of a core group of clients and alumni. We have instigated the Finance Professionals Network in response to the lack of relevant and recognised professional development being offered to qualified finance professionals in commerce in the Hunter and Central Coast. If you are a finance professional and you would like to know more about this group, please contact our CFO, David King on (02) 4935 6105.

We are also pleased to announce the appointment of John Tully, an experienced consultant to the hospitality, entertainment and leisure industries to our Hospitality & Gaming team. You can read more about John's experience on page 8.

In keeping with our focus on community, Lawler Partners is delighted to bring the spirit of Christmas to the Central Coast as a major sponsor of the Mingara Recreation Club's Christmas under the Stars on December 19th 2010. The objective of this community event is to provide a low cost family experience, raise funds for the Salvation Army Youth Oasis Centre and provide a live performance opportunity to young entertainers. It's sure to be a great event for families and we would love you to join us.

Finally, on behalf of all of us at Lawler Partners, I wish you, your staff and your families, a wonderful and safe Christmas. I sincerely thank you for your support and we look forward to working with you in the New Year.

Kind Regards,

Steve Meyn
Managing Director

The New Personal Property Security Act – Start Preparing Now!

Complex new personal property security rules will come into force under one Act from 1 May 2011, bringing together laws from 70 State and Federal Acts. This Act is called the Personal Property Securities Act (PPSA) and is based on similar legislation previously enacted in both Canada and New Zealand.

The PPSA triggers changes in the way security is taken over personal property. Personal Property is virtually everything other than real property such as land and fixtures. In addition to financiers, this will affect businesses operating across all industries – but particularly in the manufacturing, wholesale and retail sectors.

Under the new rules, businesses will need to register their securities via an online national register (www.ppsr.gov.au) operated by the Insolvency and Trustee Service Australia which will act as a “notice-board” for security interests.

The objective of the PPSA is to streamline procedures involved in formal insolvency appointments. To that end it will replace a number of existing registers, including the ASIC Register of Charges, and the Register of Encumbered Vehicles (REVs), which is based on legal form and the holding of title, and moves to a single system based on the substance of the transaction. The PPSA will apply to retention of title, debentures, hire purchase, chattel mortgages, leases exceeding one year, assignments of debt, consignments, and security trust deeds.

Businesses will need to list security interests in tangible assets such as stock, cars, plant and machinery, as well as intangible assets such as shares, intellectual property, licenses, and contractual rights. In the event of a business failing, unless your security interests are registered, priorities and rights over goods could be lost.

The PPSA raises serious risks for many Australian businesses. Business owners and directors should understand that usual “asset protection” structures such as trusts and separation of entities may not protect your assets from the reaches of the PPSA.

PPSA will provide an opportunity for businesses to review and rectify any shortcomings in their credit policies and securities. Lawler Partners is currently updating the Credit Providers Toolkit to incorporate the PPSA changes, to ensure you are aware of your requirements and rights under the PPSA.

It is important that you seek advice and put steps in place to mitigate risk to ensure that the interests of your business are protected. A properly structured plan should address:

- Ascribing serial numbers or positive identifiers to personal property;
- A review of securities, and determine registrations required;
- A review of all loans to assess supporting security;
- Where you sell goods on credit, you should review your standard credit contract and terms and undertake a gap analysis of what needs to be rectified;
- If you provide lease or hire goods then register an inventory of lessees;

- Registering intellectual property licenses, investment instruments or shares;
- Registering interests in joint ventures;
- Identifying staff training needs;
- Determining IT processes and protocols to create a streamlined, up-to-date database of all security interests;
- Instructing staff on how to search the Register when undertaking customer credit checks.

One of the most difficult tasks for companies will be to identify what PPSA means for their business. To assist with the introduction of the PPSA and to help clients understand how the PPSA might affect them specifically, Lawler Partners will be conducting briefing sessions in Newcastle, Sydney and Maitland in February 2011. We will also be providing client in-house training and PPSA implementation once the regulations to the legislation are published.

Who should attend our briefings?

- Directors
- Managing Directors
- Chief Executive Officers
- Chief Financial Officers
- Credit Managers
- Professional Advisers
- Financiers

If you would like more information or are interested in attending one of our seminars, please contact Kylie Long on (02) 4962 2294 or email klong@lawlerpartners.com.au

Introducing a Comprehensive Advisory Service for Pharmacy Owners

To ensure we provide the best quality service and expertise to the pharmacy industry, Lawler Partners has strengthened our existing package of strategic and financial services with an exciting new association with Medici Capital. Melbourne based Medici Capital, are leaders in pharmacy valuations, with over 30 years experience servicing the pharmacy industry.

To launch our new relationship, a dinner was held in Newcastle hosted by Lawler Partners Directors, Andrew Beattie and Anthony Sullivan, along with Frank and Andrew Sirianni from Medici Capital.

According to Andrew Beattie, the dinner was more than just an opportunity to present an overview of the complete business advisory and financial management service that Lawler Partners and Medici can provide together. "Our approach to the pharmacy industry is not to simply take our generic business advisory services and apply them to an industry sector, but rather to get real insights into the challenges facing the group. This enables us to tailor our services accordingly, and to develop solutions that take their businesses forward. The launch dinner was a valuable opportunity for us to gather the right information," said Andrew.

Pharmacists are facing growing challenges and pressure from government and consumer bodies in addition to the looming generational shift. Under these circumstances it is hard enough to manage a pharmacy, let alone maximise business opportunities and wealth. That's where our specialised pharmacy services offering can help.

"Community Pharmacists are busy people and we have an offering that is about what they want, rather than telling them what they need," commented Andrew.

Lawler Partners has the capacity across its offices to support pharmacists as a lead advisor or alternatively, act as a specialised pharmacy consultant to the pharmacy owner and their existing accountant. Ensuring pharmacies are sustainable businesses within our local communities through relevant and specialist advice is top of our agenda.

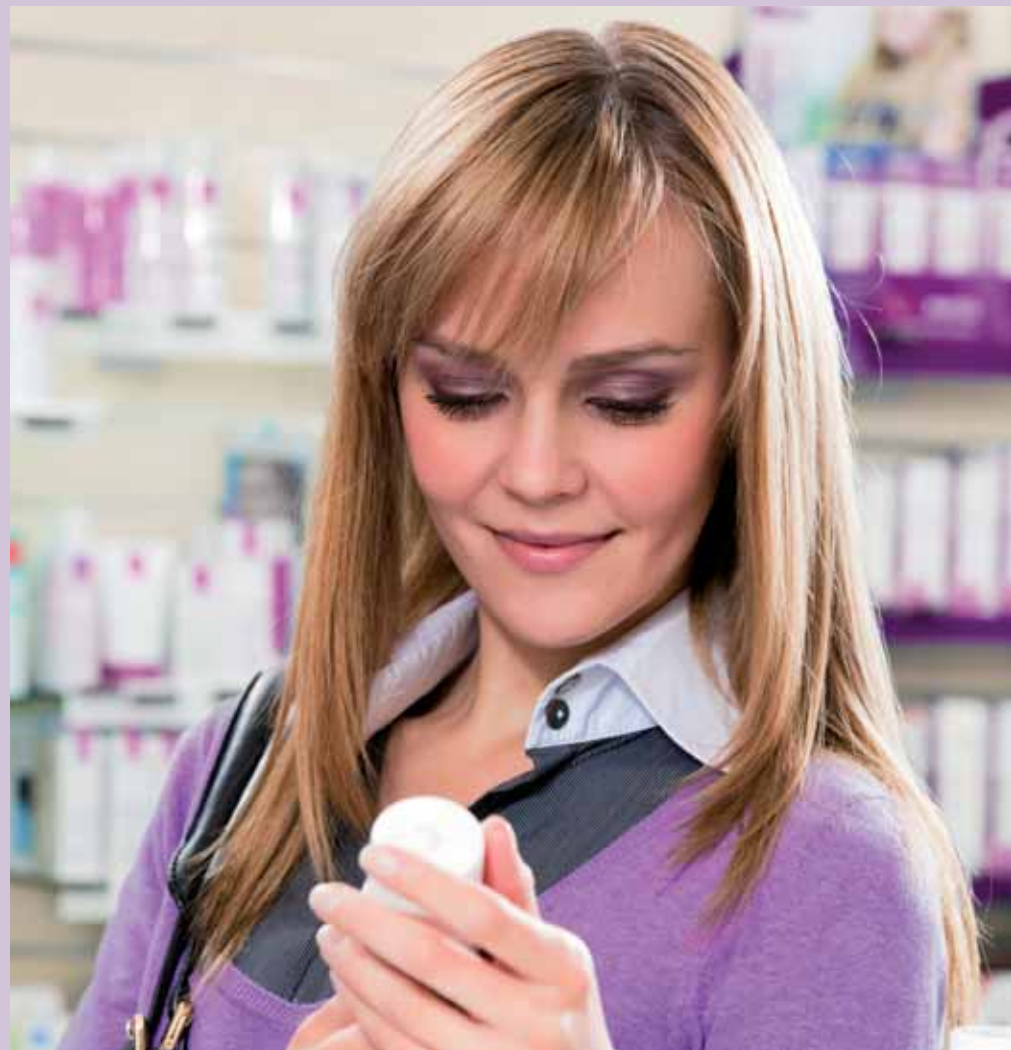
Our pharmacy services include:

- Bookkeeping and management reporting
- Advice when buying and selling a pharmacy
- Partnerships and succession planning
- Tax and structuring advice
- Financing and pharmacy business valuations
- Retail and dispensary management
- Site analysis and rent negotiation

- Estate planning and financial planning
- Strategic planning and advice
- Benchmarking and forecasting

There has been substantial interest from pharmacists already, particularly in the regional areas where they have traditionally been underserved compared to their metro based counterparts. Initial plans to support these pharmacists include regular industry updates and events, plus the establishment of a coaching club for owners and their managers that can add greater value to their business.

For more information about Lawler Partners' Pharmacy Services or to receive relevant pharmacy updates, contact Business Services Director, Andrew Beattie, on (02) 4962 2688 or via abeattie@lawlerpartners.com.au



Detecting and Preventing Fraud in your Organisation

Facts:

- The most common motive for fraud is greed and the desire to enhance lifestyle;
- Gambling and personal financial pressure are also motivators for fraud;
- The average time taken to detect major fraud was 399 days (up from 342 days in 2008); and
- In 61 percent of the cases surveyed, there was no recovery.

Source: KPMG's Fraud and Misconduct Survey 2010

There has been a significant increase in the number of reported frauds during the recent Global Financial Crisis. The cost of fraud in the victim organisations surveyed in the annual KPMG's Fraud and Misconduct Survey 2010, grew from \$1.5 million in 2008 to \$3 million per organisation in 2010.

The most startling fact is that insiders were the main offenders and that is primarily the result of breakdowns in internal controls. Organisations can avoid this through the implementation of appropriate preventive and detective controls.

The survey highlighted an increase in frauds involving the abuse of internet-based electronic funds transfer (EFT) facilities. This again is attributable to poor controls over access to EFT facilities, such as not having dual signatories and passwords over payment systems.

Another prominent type of fraud is the 'switch and switch back', where an employee switches their personal bank account details with that of a vendor, prior to processing an invoice payment. Without controls such as appropriate segregation of duties between the employee who processes the invoice and the employee who processes the payment, or ensuring all changes to vendor files require a manager sign-off, it is difficult to detect and prevent this.

A key consideration for all organisations is the implementation of a strong whistleblower program. The survey highlighted that whistleblowers were responsible for uncovering around 20% of frauds. A strong whistleblower program should include a whistleblower protection policy and an anonymous external reporting facility.

How Can Lawler Partners Help?

Our team can assist in the implementation of appropriate governance, risk management and reporting systems designed to give our clients comfort over their internal control framework and fraud risk management strategies.

Should you wish to discuss your internal control and fraud risk management strategies, contact Clayton Hickey on (02) 4962 2688 or chickey@lawlerpartners.com.au or Bob Bell (02) 8346 6000 or bbell@lawlerpartners.com.au

Breast Care Fundraiser Breakfast

On October 21st 2010 Lawler Partners, The Newcastle Herald and Western Suburbs (Newcastle) Leagues Club, hosted our annual fundraiser breakfast to a sell-out crowd of 450 people.

The event was an overwhelming success raising \$20,000 for the Hunter Breast Cancer Education and Support Committee, with all of these funds going to support the education and training of breast care nurses within the Hunter Region.

This brings the total amount of funds raised to \$57,000 over the past 4 years.

To all our clients and professional colleagues we sincerely thank you for your support and look forward to seeing you again next year!



MC Mike Rabbitt with guests



Managing Director Steve Meyn with the Breast Centre's Kris Kelly and guest speaker Dr Charles Douglas



Breakfast organiser Jacqui Osborn

Camp Quality Kilimanjaro Trek

Ali and Craig Kimmorley from recruitment, coaching and management agency peoplefusion, joined 14 brave trekkers who headed off from Newcastle in August to tackle the climb of Kilimanjaro to raise money for Camp Quality. Mount Kilimanjaro is situated inside the Kilimanjaro National Park in Tanzania; it is the highest mountain in Africa and the tallest freestanding mountain on earth. So far they have raised \$106,000.00 from which the Camp Quality kids will truly benefit.

Lawler Partners were proud to be one of the shirt sponsors for the trek.



Kilimanjara Trekkers

Around the Bay in a Day

Lawler Partners Director, Simon Rutherford, joined 16,500 cyclists who participated in Australia's premier 210km bike challenge, the annual HBA Around the Bay in a Day. Simon is a non executive director of the Vow Group and was a member of the Vow Financial team.

Riders were encouraged to celebrate their achievement and take on the challenge of getting sponsored for their ride around Port Phillip Bay, with all monies raised helping disadvantaged Australian children get support through The Smith Family's education and learning programs.

Congratulations to Simon who made the champion effort of raising \$5,775.00, putting him in 8th place overall as an individual fundraiser.



Simon (far left) with the Vow Financial Team

Annual Golf Day

130 brave golfers took to the fairways at the annual Lawler Partners golf day at Kogarah Golf Club on 15 November 2010, despite inclement conditions.

Regardless of the constant rain, we had 27 groups soldier on to complete the 18 holes with plenty of laughs on the course, as well as the usual friendly rivalry as teams competed for the prized Championship Trophy.

Our own Director Simon Rutherford, captained the winning team alongside Tim Brown, Neale Anderson and Daniel Eames. The handicapper will be running a rule over their score before next year's event!

The post golf awards and dinner were well attended with the majority of golfers staying on. Our participants were generous with over \$4,500 raised via auctions and prize draws for our nominated charity, The Asthma Foundation.

Thankyou to all who attended in at times very trying conditions.



Matthew Maxwell (Bankwest) and John Vouris



The climbers reach the top



(L-R) Bob Bell, Simon Rutherford, Tim Brown, Neale Anderson, Daniel Eames and John Vouris

New Appointments



John Tully

Lawler Partners are proud to announce the appointment of John Tully to the Hospitality and Gaming Team.

John has a proven track record for business transformation within the Club and Hotel industry and has been consulting to the hospitality, entertainment and leisure industries on business transformation, change management processes, asset strategy, return on capital, management performance and business improvement for over 20 years.

As CEO of the Mike Willesee owned Trans Media Group, he was the key driver in the acquisition, re-development, repositioning and operational control of several high profile and award winning hotels.

John then took this experience and skill set and applied it to the Club industry. He was the CEO of the Northern Suburbs RFC in St Leonards for 5 years where he successfully reinvented a traditional registered club model by creating the Cabana Bar and Lounge – a venue that has now become synonymous with change in the industry. He also featured as a guest presenter at last year's National Clubs NSW conference on the subject of influencing change.

"I have had the opportunity to work in hospitality environments where the business owner has acknowledged the need for change and I have been given the charter of making it happen. It is an exhilarating process resulting in business improvement and one that we take pride in offering our clients", commented John.



Newcastle Reach Trainees: (L-R) Tom Taylor, Brittany Pittard, Ammon Arvidson, Rachel Hawkins and Jessica Christie



Sydney Reach Trainees: (L-R) Leo Gaica, Munesh Saini and Laura Hirst

Meet Our New Reach Trainees

We received a large number of high calibre applications for the 2011 undergraduate Lawler Reach program and are pleased to confirm offers have been made to the successful candidates (pictured) who will commence with Lawler Partners in January 2011.

The Lawler Reach program offers the opportunity for students to kick start their accounting career, whilst completing university or CA studies part-time and provides exposure across the Audit and Assurance, Business Advisory and Business Recovery & Insolvency teams.

We are very excited about the quality of trainees we have for the program and look forward to working with them next year.



Sharp Electronics Group – All Your Business Needs

Sharp Electronics Group is a Hunter based and owned business that has serviced the Hunter Valley and Central Coast for almost 40 years. The business has four core divisions, offering its customers products in the areas of print solutions, office products and furniture, point of sale and service.

The origins of the business were in an opportunity that presented itself to the now Managing Director John Duncan in 1971, when the company that held the Sharp electronic calculator agency (among other business brands and products) was in financial trouble. John was approached to apply for the agency in partnership and the rest as they say, is history.

The business has since gone from strength to strength and today employs sixty people within a dynamic and highly competitive industry.

“Always striving for perfection in customer satisfaction and having the option of choosing which products we sell from a myriad of available brands, means customers get the solution that their business needs, not the product on which we might make the biggest margin,” commented John.

The result for the customer is the ability to embrace new technologies and systems while still maintaining a superior level of good old fashioned customer service. Their fleet of 24 on the road service and delivery vehicles is also evidence of their priority on customers.

In addition to this service philosophy, the overall success of Sharp Electronics Group can be attributed to their extensive range of product lines. One of their leading products is SENPOS Point of Sale, a software solution purpose built for food and beverage operations in clubs, hotels, restaurants and entertainment venues of all sizes.

A community focus has also developed within the business, with John leading by example as a member of the Westpac Rescue Helicopter Support Group. John has introduced a staff payroll deduction program for the Helicopter, and the Company matches the staff’s contributions each month.

Sharp Electronics Group has won a number of awards and for many years was recognised as one of the leading companies in their field. John has also held roles as part of Sharp’s broader operations, including the initial President of the Sharp Dealer Council, then founding Chairman of the Office Network Group for seven years and of the Office National Group for eight years. In addition, John was also a director of the Newcastle Knights during the first six years of the 1990’s and currently resides again as a Director in 2010.

Since January 2009, the Sharp Electronics Group has operated as an independent business again (a member of neither of the previously listed Groups) and has invested heavily in the internal control of their own I.T. and marketing with a view to further growth.

Sharp Electronics Group is a client of Director, Andrew Beattie and is one of Lawler Partners’ longest standing clients, having been with the firm for the past 33 years.

“Your Accountant should always add value to your business by way of advice and services and Lawler Partners has provided our business with a comprehensive range of specialist services as we have grown. I have never seen a need to look elsewhere and I am extremely happy with not only the advice provided, but also their proactive method of operation”, says John.

JOHN’S SECRETS TO SUCCESS

Listen carefully to your customer, always tell them the truth (no matter the cost to your business), show the customer you really care by your actions, employ the right people as they ARE your business as much as your product and continually re-invest in your business.

Recruitment – Make Every Interaction a Good One!

Business owners and managers spend a significant amount of time considering the cost of recruitment fees, as part of their overall business expenses. What is often not considered, is the revenue that could be missed when too much time is spent on recruitment, instead of growing and expanding the business.

As recruitment specialists, we often hear of companies missing out on attracting great employees due to poor recruitment practices. People are the key to most, if not all businesses, and without having the best people in your team, your business may not be operating at its full potential. Many businesses invest money in marketing through newspapers, billboards and other mediums, and yet don't consider the bad press they can generate through poor communication with people that apply for positions advertised by the company.

This poor reputation can be avoided by following some simple recruitment practices.

Top Tips

Respond to every application received.

An acknowledgement is very important and it shows you have taken the time to consider their application.

After you have made your decision, call the applicants that you have interviewed from your short list. They have made the time to come in to be interviewed. It is important they are shown the respect of a personal phone call, not just an email.

Offer feedback, if appropriate. A good interview will bring out the areas the person has not had enough experience in. It is always easier to tell a person "no" if the interview has been successful in delving into the persons' suitability.



Sally Bartley and Ali Kimmorley

Make sure the person who is taking advertisement responses is provided a full brief on the role and is able to offer clear timelines and answer questions relating to the position. There is no point interviewing a candidate who has salary expectations way above what is on offer. It is a waste of your time and theirs. Every role within the business is important and each enquiry should be dealt with in a professional manner. It costs too much money to retrain people when the wrong choice is made.

If you don't have the time, internal capability or capacity to follow these steps, you should be looking to build a strong working relationship with a recruitment specialist who understands your business and protects the good name and reputation of your brand. Quality people recognise quality employers, and they start to form a judgment of this from their first point of contact with you or your business.

For further information, contact peoplefusion Directors, Sally Bartley and Ali Kimmorley on (02) 49 291 666 or via AliK@peoplefusion.com.au or SallyB@peoplefusion.com.au

peoplefusion is a speciality recruitment agency that has been operating since 1999, providing Newcastle, the Central Coast and Hunter Valley with quality talent in the areas of:

- Business Services
- Mining
- Government
- Manufacturing
- Transport & Logistics
- Banking & Finance
- Engineering & Construction
- Hospitality
- Education
- Not for Profit & Charities
- Utilities
- Health & Medical

Changes to Rules for Payment of Dividends

What has changed?

Important reforms have been made to the Corporations Act 2001 and have taken effect as of 28 June 2010. The changes affect how dividends can be declared and paid by a company.

Previously, Section 254T of the Corporations Act stated that a company could only declare and pay dividends out of its "Profits" (generally taken to mean current year profits, although this has never been clearly defined by either legislation or case law).

The new legislation requires the following conditions to be satisfied before a company can declare and pay a dividend:

- the company's assets must exceed its liabilities immediately before the dividend is declared, and the excess must be sufficient to pay the dividend;
- the dividend must be fair and reasonable for all shareholders; and
- the payment must not materially prejudice the company's ability to pay its creditors.

What does this mean for directors?

These changes are significant for all directors.

Some of the key impacts are:

- When valuing their assets and liabilities, small companies will need to consider relevant accounting standards, immediately before any dividend is declared.
- If company liabilities outweigh assets (for example, due to prior year losses), then a dividend cannot be declared, even if the company has current year profits.
- It will be prudent for all Minutes of Directors Meetings declaring dividends to state consideration of, and compliance with, Section 254T.
- The new legislation has clarified that it is possible to declare dividends out of company Reserves.
- The new legislation also technically allows for dividends to be declared out of paid-up share capital (however, careful consideration of the tax consequences is required prior to taking this step).

If you wish to discuss the above changes and the potential impact on your company, please contact either Darren Shone on (02) 4962 2688 or via dshone@lawlerpartners.com.au or Tina Louras on (02) 8346 6000 or via tlouras@lawlerpartners.com.au

Overall, the update to the legislation aims to ensure responsible behaviour by directors, with appropriate protection for creditors and shareholders who are not entitled to dividends.



generate. experience. maximise



Support and Advisory Service for Accounting and Legal Professionals



Steve Meyn & Terry Lawler with Kyle Loades (Auto Advantage) & Greg Valentine (VBD Chartered Accountants)

September and October saw the launch events of our GEM Network for accounting and legal professionals in Sydney, Newcastle and the Central Coast. The launch events were a huge success with over 100 firms joining us to find out more about the GEM Network and to meet with fellow professional advisers.

The next round of GEM Member Luncheons will be held in Sydney on Wednesday 16th February, Newcastle on Wednesday 23rd February and the Central Coast on 2nd March 2011. Become a GEM member today to receive your invitation to these luncheons and more GEM events scheduled for 2011.

Benefits of GEM Membership include:

- Technical Help Desk with direct phone numbers and email addresses of our GEM Representatives to assist with your technical or complex client queries;
- Invitations to quarterly GEM Luncheons;
- Regular technical updates and newsletters;
- Discounted registration fees to professional training seminars;
- Access to Lawler Partners' full range of professional and technical resources;
- Access to on-site training with customised in-house taxation and superannuation updates;
- Discounted rates on taxation and superannuation resources; and
- Access to the member-only section of our GEM website containing technical updates and other member resources.



Dianne Allen (Dianne Allen Chartered Accountants) & Scott Sharp (Bergkvist & Associates) with Lauren Thompson (Moylans Business Solutions)

For a small annual retainer, GEM membership gives accounting, legal and other professional advisers access to resources and expertise that provides members with extended capacity and capabilities to deliver superior service to their clients. Simply visit www.gemnet.com.au to register or contact Stefanie Portelli on (02) 8346 6000.



Tina Louras with David Armstrong & Michael Rose (Norton Rose)

Congratulations to the lucky door prize winners at our launch events – Vanessa Maund of TL Lawyers, Colin Fermanis of Hill Young & Associates and Simon Gallant of ERA Legal.



Michael Stevens (O'Neill Partners), Brad Tonks & Adam Young (HWL Ebsworth)



Tim Osborn (Turnbull Hill), Chris Moylan & Lauren Thompson (Moylans Business Solutions) with Tina Louras



Senray Loy, Akhil Karamil, Michael Stevens (O'Neill Partners), John Vouris & Simon Gallant (ERA Legal)

Borrowing to Buy Property Through Your SMSF

The major banks have come a long way since 2007, when borrowing was first allowed by Self Managed Superannuation Fund (SMSF) trustees under Section 67 of the Superannuation Industry (Supervision) Act 1993 (SISA). However, there is no doubt that to get a SMSF loan to acquire assets, such as the purchase of property through the banks, requires a strong understanding of how lenders process SMSF loans and also what legal documentation is required.

Discounted Related Party Loans

A popular source of finance through the banks is the related party loan. Generally, this sees a member of the fund or related entity, such as a family trust or family company lending money to the trustee of the Family Super Fund. The source of the funds may be from a bank borrowing on the basis of equity the related party lender has in other properties (i.e. business structures, spare cash or from the direct transfer of property) into the fund by way of a Holding Trust.

SMSF Trustee Requirements

A SMSF Trustee borrowing funds on behalf of the SMSF must ensure that:

- The loan complies with the SISA, including the lenders rights against the SMSF trustee for a default on the borrowing being limited to the underlying asset only;
- The fund has sufficient cash flow to repay the principal and interest (without relying on member contributions);
- The SMSF deed allows the SMSF trustee to borrow and acquire the relevant asset (you may need a legal review of the trust deed);
- The transaction is consistent with the SMSF investment and risk management strategy (the investment must be in the best interest of members and the risks and benefits have been considered);
- A declaration of trust is executed between the security trustee and fund trustee; and

- The structure of the transaction and the investment is signed off by the fund auditor as compliant with SISA.

SMSF Trustee Considerations

Issues for SMSF trustees to consider when borrowing are:

- The sole purpose test – assess the situation to ensure the investment is for the sole purpose of providing member benefits;
- Check that your fund's investment strategy and risk management procedures are in line with their investments;
- The in-house asset rules apply;
- Related party acquisitions – a super fund is prohibited from acquiring assets from members and related parties except for business real property and listed securities;
- Arm's length – the terms and conditions of the borrowing arrangement must be as if the transaction was done at arm's length;
- Cash flow – the fund must have sufficient cash flow to pay interest;
- Commercial matters – assess the investments from a commercial viewpoint for acceptable returns and expenses such as tax (including CGT and land tax) and stamp duty, and;
- Regulation – caution needs to be exercised when considering regulation. There may be conflict with contribution caps and possible new rules; a limited window of opportunity may apply.

What documentation is required for the Fund to commence borrowing?

Documentation is required for the Fund to comply with the SISA Legislation and the Australian Tax Office requirements. This documentation includes:

- The Custodian Trust (also sometimes called a 'Bare Trust');
- Establishing a company to act as Trustee of the Custodian Trust (if required);
- Updating the Super Fund Trust Deed (if required);
- Updating the Fund's Investment Strategy (if required).

Lawler Partners can assist you in developing and commencing a complying SMSF loan. For professional advice, contact Superannuation Principal, Mark Geldens on (02) 8346 6000 or via mgeldens@lawlerpartners.com.au to discuss your situation.

What's Unique About Your Business and Would Your Customers Agree?

When clients talk to us about marketing, they often don't know exactly what it is, but they know they need it.

Some are confident in their approach but aren't sure how the value is impacting their bottom line. Some are frightened by the fluffy idea of marketing, mistaking it for advertising, or see it as an unnecessary expense. Others are doing what they've always done – "we've always sponsored the local under 10s football team!" – without being able to measure its value.

Too often businesses implement knee-jerk marketing tactics based on supposition: We hear a lot of: "we reckons" or "my brother-in-law says"... as justification for spending hard-earned money on marketing activities.

This hit-and-miss approach might work sometimes (we call it accidental success), but it doesn't create robust practices to sustain and propel a business in the long term.

A case study: future-proofing a service business

As a real example, our Marketing Services team recently completed a marketing audit and strategy for a prestigious service provider – a sizeable business, with approximately 200 employees and a lucrative client base.

Their objective was to future-proof their business development pipeline so it would continue to be full in the future.

Changing I think to I know

Firstly, we needed to understand the organisation's brand and how their marketing efforts were driving the brand. We conducted a marketing audit to see how the organisation portrayed itself, including sales approach, service delivery, advertising, public relations, brochures, newsletters, website, right down to telephone answering and email signoffs.

We found the client had a very fragmented way of communicating which was detracting from its brand and costing money in misdirected promotion.

Messaging

Having everyone in your organisation singing from the same song-sheet is a crucial foundation to a solid brand. Through the marketing audit we saw that staff across the business couldn't consistently articulate what the organisation did, and what made them unique. Neither could its customers.

It's vital that every employee knows what to say about their organisation in a range of settings, from a business lunch to the side of the soccer field, otherwise myths prevail. Your business must very clearly say "this is who we are and we provide this unique benefit for these particular customers" so that staff, customers and stakeholders all talk about the brand in the same way... the way you want them to.

Getting the message out clearly

Our client produces a substantial number of brochures and other sales documents each year. They all looked slightly different and used different language, style and tone.

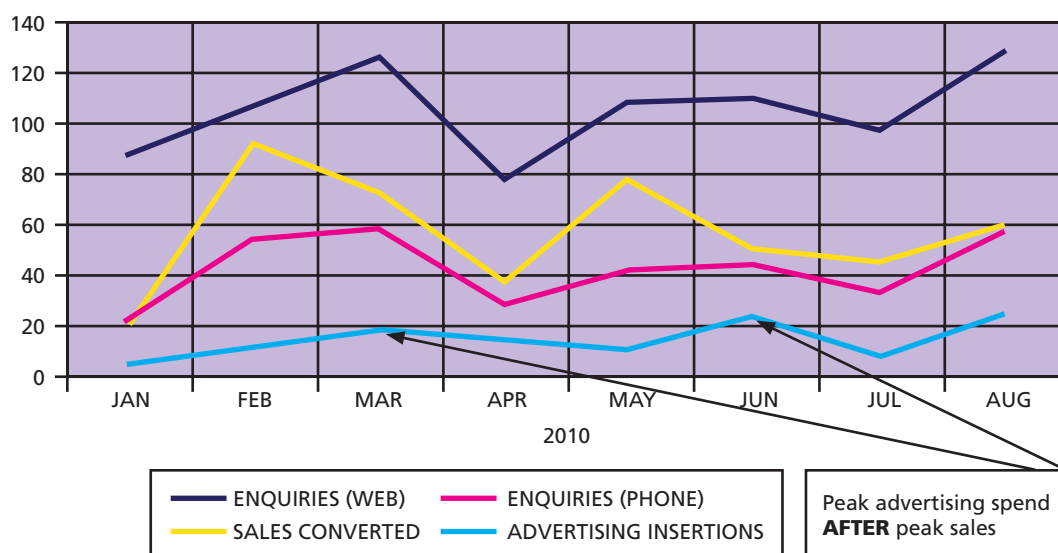
Setting clear messages isn't just about everyone in the organisation talking about it in the same way, it's also vital that your brand is reflected in the way you do things. Even the way you answer your phone says something about your brand to your customers and suppliers. Business brochures, websites and advertising should all be using the same consistent messaging and language to amplify the impact for your audience.

Great intentions, poorly directed

We found the client was using around 15 different advertisements, which all had different tone, different language, different tag-lines and disparate messages. They were wasting a great opportunity as well as a good deal of money.

Our client was spending nearly \$200K pa on advertising. When we looked at who they were trying to attract and when those customers were actually buying, we found that the advertising wasn't effectively placed or timed.

USING SALES INFORMATION TO FOCUS MARKETING ACTIVITY



DATA ANALYSED FOR CASE STUDY FROM WHICH MARKETING STRATEGIES WERE DEVELOPED

In fact we found that the peak sales times closely followed two major industry events rather than the client's advertising, so the advertising was not really driving sales at all. Bringing the client's advertising schedule forward by 2-3 months resulted in higher enquiries in the following six month period.

We also looked at the publications our client was using and overlaid them with the demographic profile of their target customers. The newspapers and magazines they had traditionally used were irrelevant to the new target customers – they were preaching to the converted.

This was compounded by an unplanned approach. Buying advertising space in an ad hoc way significantly increased the cost and reduced return on investment. As our client's web-based enquiries significantly outperform phone enquiries, it made sense to redirect some spend to more cost efficient, and well targeted, web-based advertising at the right times. The client saved a significant amount of advertising spend through this alone.

We also replaced brand advertising with a more cost effective public relations program which now supports brand growth without impacting so heavily on the bottom line.

Positioning – making it resonate

Really understanding your audience and knowing exactly who you're marketing to is the first critical step in positioning. In our client's case, understanding their target market had changed from where it had been historically. We could isolate a really unique mindset of customer which is now helping them target their communications more effectively.

Secondly, knowing what's truly unique about the organisation's offering, and what its customers' value, is a very important insight for a business. For our client, this insight helped them to re-evaluate everything they did from answering the phone to advertising, to ensure they were being consistent with messaging, and using their business information to their best advantage.

The marketing audit process

Lawler Partners Marketing Services has developed a unique and quick diagnostic tool to help businesses identify the value of their current marketing initiatives, and areas for improvement: the Marketing Audit. We used this process with our case study client to uncover areas that weren't contributing to a successful marketing effort.

A marketing audit will:

- Identify whether you are using your business information for best results;
- Clarify business opportunities and threats;
- Ensure you're making wise investment decisions, by checking that your communications are reaching the right people, at the right time and in the right ways;
- Look at your marketing tactics through fresh eyes to objectively assess their effectiveness;
- Understand where inconsistency of brand, positioning and style could be better integrated for maximum impact;
- Provide a framework for ongoing decision-making, evaluation and long term planning.

In summary...

The key to building a strong marketing strategy is having a clearly defined brand, communicating your promise, and delivering on it consistently in everything you do. Brands that do this can turn customers into advocates.

A marketing audit will give you confidence and set your business on the right path to use marketing efficiently and cost effectively. There's more you should know. Call our Marketing Director, Julie Pascoe on (02) 8346 6000 to find out how a marketing audit could work for your business.



Season's Greetings from all of us at Lawler Partners

We wish you and your families peace and happiness this Christmas season and throughout the coming year.

Our offices will be closed from 4pm, 23rd December, 2010 and will re-open at 8.30 am on Tuesday, 4th January, 2011.

Tax Calendar

December 2010

- 1 Due date for payment of tax for large / medium company and superannuation funds taxpayers (turnover of more than \$10million) whose financial year ended 30 June 2010 and whose tax return is due for lodgement 15 January 2011.
- 1 Due date for payment of tax for taxable consolidated groups that has a member that has been deemed a large / medium business in the latest year lodged (lodgement date 15 January 2011).
- 21 Due date for lodgement and payment of November 2010 monthly BAS and IAS.
- 31 Liability for land tax (NSW & VIC) is calculated based on landholdings as at midnight 31 December.

January 2011

- 15 Due date for lodgement of tax returns for prior year taxable large / medium companies, superannuation funds and trust payers for the financial year ended 30 June 2010.
- 15 Due date for lodgement of tax returns for taxable consolidated groups – including new registrants – that has a member that has been deemed a large / medium business in the latest year lodged.
- 21 Due date for lodgement and payment of December 2010 monthly BAS and IAS, including quarterly PAYG instalment activity statement for head companies of consolidated groups.
- 28 Last day for payment of December quarter employee superannuation contribution to avoid liability for the Super Guarantee Charge.

February 2011

- 21 Due date for lodgement and payment of January 2011 monthly BAS and IAS.
- 28 Due date for lodgement and payment of December 2010 quarterly BAS and IAS.
- 28 Last day for lodgement of an annual GST return or annual information report for GST payers if an annual tax return is not required to be lodged.
- 28 Due date for lodgement and payment of tax returns for prior year non-taxable large / medium companies, superannuation funds and trusts whose financial year ended 30 June 2010.
- 28 Due date for lodgement and payment of tax returns for taxable new registered companies, superannuation funds and trusts whose financial year ended 30 June 2010.
- 28 Due date for lodgement of non-taxable head companies of a consolidated group (including new registrants) that have a member who has been deemed a large / medium business in the latest year lodged.

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