

harriss

chartered accountant
& business advisor

NEWSLETTER – QUARTER ENDED 30 SEPTEMBER 2013

A word from Kurt

Welcome to our first ever newsletter!

Thank you!

It has been just over six months since my family and I decided to go out and attempt to establish our own accounting business (from scratch with one client), specialising in taxation; business advisory; and self-managed superannuation fund advice. We have achieved more than we possibly thought we could in such a short time. This could not have been possible without all the support from those who believed and referred businesses to us. *Please keep referring us!* Thank you to all our new clients who gave us the opportunity to work with you, your business and family. We especially want to thank our first ever client that has supported and believed in us from day one, being the Zimmermann family (TravelSIM Australia) – Thank you Jamien and Esma your support.

First team member – Tom (tom@harriss.com.au)

We would also like to take the opportunity to welcome our first team member, being Tom Summerell. Tom at 19 years of age is studying Bachelor of Business at QUT, and has an IT background, which will assist in delivering IT support in relation to accounting software packages, like Xero. Along with his problem solving skills, drive to succeed and ability to see opportunities to help clients already, Tom comes from a very supportive family background. I knew this, when his dad recently took time to come and meet me personally when up from Adelaide. I look forward to introducing Tom to you all.

Looking forward

We look forward to continuing to grow with all our clients, including their businesses and more importantly their families. Therefore, please continue to refer us to other businesses and their families who you think deserve the same “service focused” approach that we are committed to everyday.

Also, we encourage you to continue to build relationships through communication, by picking up the phone and talking to us. We are happy to offer advice before you ‘cement in’ something in your business or family.

Remember, when you grow, we grow! When you succeed, we succeed too!

We are a referral based business and value referrals from our existing clients. If you know of any associates, friends or family members who can benefit from our extensive knowledge and expertise in business advisory, taxation and superannuation, then please refer us or contact me directly.

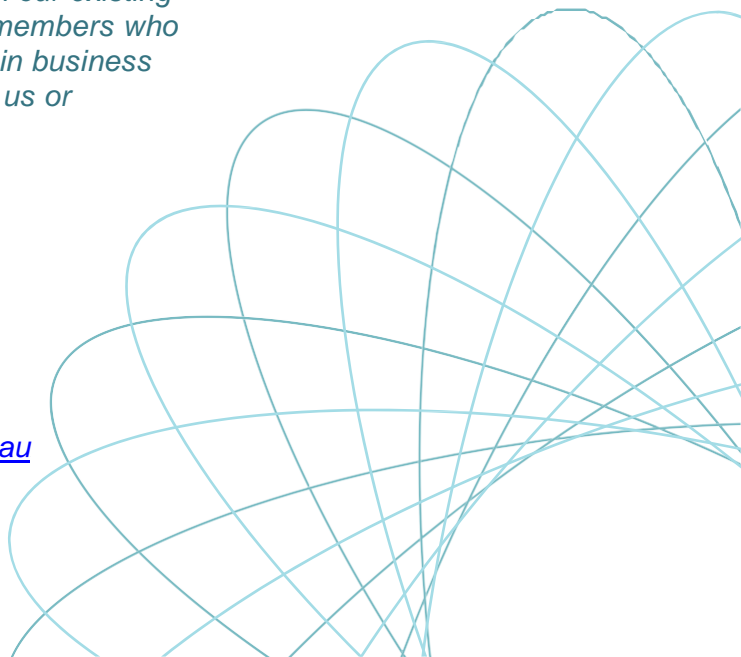
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service focused



Tax in Focus - Structuring

This is an area clients don't take advantage of or don't get the appropriate advice from their accountant in relation to their own specific situation.

As a commercially focused accountant, it is still important to consider the tax consequences and asset protection in the following situations:

- Setting up a business
- Acquiring a business
- Selling a business
- Buying property
- Financing property

A simple phone call to us before you do any of the above, can lead to significant savings both immediately (selling a business) or in the future (setting up the appropriate structure for the future).

The interpretation of the legislation (Division 7A – loans between trusts and companies) has led to a change in the way a business should be set up.

Other important considerations around structuring include:

- Business partners and the structure that should be used;
- Shareholder agreements;
- Everyday business agreements; and
- Dividend policies

You never realise how important it is to consider the above, until things go wrong and you realise you should have spent a dollar on initial structuring advice to save lots of dollars at the time and in the future.

Key to good planning when structuring is "flexibility" for the future.

Business advisory - Reporting internally on a timely basis

A normal business only finds out how much profit or loss they have made usually nine months after the year has already ended – being when they have their accountant prepare the income tax returns. How do you fix issues within your business that far after year end?

The best businesses (this is a fundamental necessity for clients of ours) report on a monthly basis.

The monthly reports should be ready no later than 14 days after month end. Two weeks has already passed, where you could have corrected any issues.

It is one thing to have a monthly reporting, but you then have to take the time to sit down and critique the monthly reports.

Set up a monthly dashboard – using SMART KPI's (key performance indicators). You must be able to measure what you want to achieve. Learning how to hold an effective and efficient monthly meeting that focuses on outcomes and accountability of all those involved within the business is important.

The next step is to communicate with your team (all employees) what you are trying to achieve and how you are measuring it.

The last step is to ensure that you achieve the goals that you set at your previous monthly meeting. Failure of this equals a waste of having the previous monthly meeting.

Xero accounting software allows for bank transactions to automatically download every day. We use it for our own internal accounting.

Self-managed superannuation funds (SMSF) - Borrowing to acquire property

The following is not a promotion, nor investment advice. It is general advice on structuring borrowings in relation to property to meet compliance requirements.

Borrowing to acquire property through a SMSF, require careful structuring. Eg. Acquiring a commercial property and renting it back to your business is an allowable acquisition under the SIS Act (if structured carefully and applicable documentation is put in place – lease agreements etc).

Eg. Acquiring a residential property (not from a member or related party – Pt. 8 definition). This property cannot be rented to a member of related party either – Goodbye beach house idea.

It is important to tick all the boxes in relation to the following:

Setting up the correct structure to acquire the property – Eg Custodian Trust to hold property is critical.

Contract – name in which property should be in.

Financing property – Deposit required relating to Commercial property (30% to 40%); Residential property (20%).

Length of time it takes banks (legal teams) to approve/settle will take longer than a normal property transaction.

What do banks take into consideration when lending to SMSF – legal structure and service ability of loans.

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