

Solutions



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We wish you and your team a Merry Christmas and a Happy New Year.



Are You Ready For 2010?

As 2009 comes to an end it is an appropriate time to reflect on what has been achieved during a tumultuous year and to consider business strategies for 2010. There are many items to consider including:

- **Cash Flow Management:** With the latest Reserve Bank interest rate increase and an expectation of ongoing interest rate rises, average debtors' days outstanding still being in excess of 51 days and with reported tougher attitudes by banks, it is very important for businesses to closely monitor their cash flow management. This includes consideration of investment in stock, work in progress and debtors. Now might be an opportune time to review how you manage these key components of cash flow management.
- **Interest Rates:** Have you considered locking in interest rates for a longer period? Have you prepared cash flow projections on the basis of banks and financiers charging higher interest rates by the middle of 2010.
- **Banks/Financier Arrangements:** Once you have reviewed your cash flow forecasts, it is probably an opportune time to have discussions with your banker about your forecasts and negotiate funding arrangements for 2010.
- **Suppliers:** Many suppliers have run down their inventory levels. As part of your forward planning, have you considered having discussions with your suppliers to ensure that they are going to be able to supply the quantities of stock when you require the stock and are the prices affordable?
- **Performance Management:** Are you or your accountant preparing regular financial accounts (monthly, or at the very least, quarterly) so that you can monitor your actual financial performance? The review of key performance indicators is a management practice to ensure effective monitoring of all segments of the business.



Are You Ready For 2010? (cont.)

- **Team:** Has your team been mentored and trained so that they are able to supply outstanding customer service during the expected improved business conditions in 2010?
- **New Employment Rules** have been progressively introduced over the last six months and further rules will commence from the 1st January 2010. Have you considered how these new employment rules affect your business?
- **Marketing:** Now is a good time to review your marketing strategies for 2010. Items to consider include identification of key attributes of your targeted market and determining marketing strategies to highlight the benefits of your product/service to your customers and prospects.
- **Cost Management:** With the expected upturn in business activity there will be pressure for cost increases from many suppliers, contractors, etc. A cost management review can assist in reducing the impact of cost increases on your business.
- **Currency Movements:** If you are an importer or exporter then currency movements are of considerable concern to you. Have you determined a policy to lock in currency rates?
- **Waste Management Strategy:** Have you introduced effective waste management strategies for your business?
- **Business Plan:** Once you have given consideration to the items mentioned it is an ideal time to review or create a business plan for your business.

2010 should be an interesting year for SMEs. Hopefully the recent signs that the economy is recovering in Australia, and major overseas markets, will assist Australian SMEs to have an outstanding year. However, there are many warning signs that there could be some obstacles for many businesses to overcome. If you would like us to assist you in undertaking a planning review for your business for 2010, please contact us.

Investment Allowance Closing

You Must Order by 31 December 2009:

To claim an income tax deduction for the Investment Allowance, businesses must order the eligible assets on or before the 31st December 2009. A summary of the position for the Investment Allowance for businesses with turnover under \$2million and businesses with turnover \$2million is as follows:

Small Businesses – turnover under \$2m:

The Investment Allowance for small businesses with turnovers under \$2m is 50% for eligible assets ordered before 31st December 2009 and installed before 31st December 2010 continues and is summarised as follows:

Ordered:	Installed by:	Investment Allowance %	Tax Year to claim:-
13/12/2008 to 31/12/2009	30/06/2010	50%	30/06/2010
13/12/2008 to 31/12/2009	31/12/2010	50%	30/06/2011

Other Businesses – turnover over \$2m:

For orders placed between 1st July 2009 and 31st December 2009 and installed before 31st December 2010 the Investment Allowance of 10% of eligible expenditure applies.

Ordered:	Installed by:	Investment Allowance %	Tax Year to claim:-
13/12/2008 to 30/06/2009	30/06/2010	30%	30/06/2010
13/12/2008 to 30/06/2009	1/07/2010 to 31/12/2010	10%	30/06/2011
1/07/2009 to 31/12/2009	30/06/2010	10%	30/06/2010
1/07/2009 to 31/12/2009	31/12/2010	10%	30/06/2011

New Government Grant - Commercialisation Australia

The Australian Government has announced that a new government program will commence in early 2010. Commercialisation Australia will encourage commercialisation by:

- offering a single coordinated source of support,
- referring clients to other more appropriate forms of assistance, if necessary,
- tailoring advice and funding to the needs of the individual participants, and
- leveraging private capital.

Commercialisation Australia has three main components:-

- **Skills and Knowledge:** Providing access to the skills and knowledge required to build capacity in commercialisation including funding to attract experienced CEOs and Executives.
- **Proof of Concept Funding:** Grants of up to \$250,000 to show the commercial viability of the idea, similar to the COMET Program.
- **Early Stage Commercialisation Funding:** Repayable grants of up to \$2million to progress ideas through to commercialisation.

Participants will be assigned a case manager to guide them through the commercialisation process including accessing experienced volunteer business mentors and other support.

The COMET program will only accept applications recommended by a COMET business advisor until 31st December, 2009 with all work to be completed by 30th June, 2011. Applications made from 1st January, 2010 onwards for assistance in getting commercially ready will have to be addressed to Commercialisation Australia.

If you would like information on Government programs please contact us.



Fair Work Act Reminder

In the October and November issues of Business Plus we commented on the important financial implications of the Fair Work Act. Major items covered were:

- From **1st January, 2010** Modern Awards and National Employment Standards (NES) commence.
- Financial Implications for SME operators from the Fair Work Act include:
 - 12-month parental leave;
 - cashing-out annual leave;
 - paid carers leave;
 - payment on dismissal;
 - sham contracting outlawed;
 - collective Bargaining in Good Faith; and
 - transfer of Business Rules.
- **New Unfair Dismissal Laws** - Employees must be advised of their dismissal in writing and provided with a minimum period of notice or payment in lieu of that notice. For details please see Business Plus+ October Issue 43.
- A small business, which is defined as having less than 15 full-time equivalent employees, is exempt from the redundancy pay provision. If you employ fewer than 15 full-time equivalent employees we recommend that you keep accurate records to substantiate your business as a small business.
- **Modern Award** - Modern Awards commences operation from 1st January, 2010. Most of these awards will be industry based and will reduce the overall number of awards from around 4,000 to just 130. Research undertaken by Workforce Guardian has indicated that many employers are unaware that their businesses will become bound by a Modern Award from 1st January, 2010, Modern Awards are not just concerned with basic pay rates, they also set out other employee entitlements i.e. casual and part-time loadings, penalty rates, shift allowances. All of these have the potential to seriously impact a business' bottom line.



If you would like a paper "Ten Most Important Financial Implications of the Fair Work Act", by Adrienne Unkovich of Workforce Guardian, please contact us. If you would like to view additional information on the operation of the Fair Work Act, we recommend that you contact Workforce Guardian Pty Ltd at www.workforceguardian.com.au

Business Plans - Questions to Consider Part 17

Packaging

- Is labelling in accordance with Government Regulations?
- Is the packaging consistently incorporating your corporate logos?
- Is the packaging appropriate for your corporate image?
- Are your customers happy with the packaging?
- Have you market-tested the packaging, especially in foreign markets?
- How well does the packaging travel?
- Have you ever inspected your packaging after it has been in the mail/freight distribution system?

To be continued.....there are over 50 questionnaires relating to the preparation of a business plan, in the next issue we will consider "Sales".



What's It Mean?

Due Diligence: During a typical investment negotiation process, the investor will conduct due diligence which will include reviewing the business plan and market research document, intellectual property strategy, management team, debtors and inventory levels, employees, staff training etc. The potential investor will normally conduct his/her due diligence investigation on the business model and assumptions (financial and otherwise) presented in the plans. If the investor is still interested in a possible acquisition or investment, the investor will then proceed with a review of the pricing proposal for the business.



"Your financial solutions specialists"

GTC Financial is a Gladstone based firm which provides a comprehensive range of **ACCOUNTING, TAXATION AND ADVISORY** services to private business and their owners.

We also provide a wide range of **FINANCIAL PLANNING** services to individuals and families.

Providing customised service, GTC Financial can meet all your needs from Business Start Up and Planning for Growth through to Exit Strategies and Retirement Planning.

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An Important Message

While every effort has been made to provide valuable, useful information in this publication, this firm and any related suppliers or associated companies accept no responsibility or any form of liability from reliance upon or use of its contents. Any suggestions should be considered carefully within your own particular circumstances, as they are intended as general information only.



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