



Welcome

We started our paperless office initiative in 2006 and have yet to achieve no-paper nirvana. As an accounting and financial services firm with records going back 50 years, we are still in the midst of scanning records into our document management system. That is not to say that the paperless office is impossible, but it certainly seems easier if you build it from scratch.

Has your business moved forward with a paperless initiative? How far have you gotten? Have your employees bought into the concept, or are they still printing everything before they read it?

Jarrod Bramble

PARTNER

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Workplace reform – what will it mean for employers?



On 13 February 2008 the Federal government took its first step to reform Australia's industrial relations laws by tabling the Workplace Relations Amendment (Transition to Forward with Fairness) Bill 2008 (Bill).

The Senate Committee Inquiry into the implications of the Bill, delivered its recommendations a month earlier than the expected deadline with opposition senators generally approving the Bill.

The Bill was passed by both houses of Federal Parliament on Wednesday 19 March 2008 and received Royal Assent on Thursday 27 March 2008.

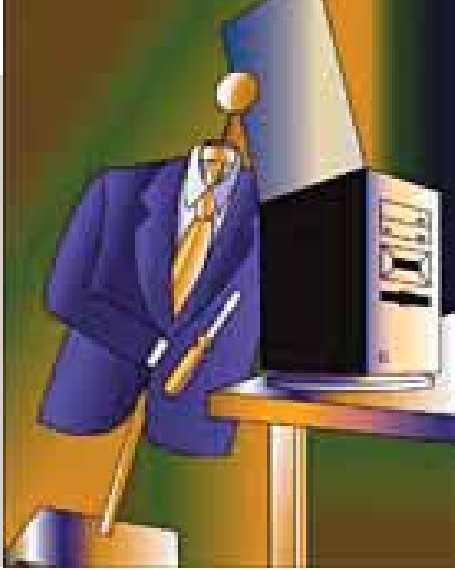
Let's look at the key changes.

1. Preventing the making of any new Australian Workplace Agreements (AWAs cannot be made after the commencement date. AWAs made and lodged before the commencement date, or made before commencement and lodged within 14 days after that date, would continue to operate until terminated or replaced.);
2. Allowing employers using AWAs as at 1 December 2007 to offer Individual Transitional Employment Agreements (ITEAs) to new employees and employees already on AWAs for the transition period while award modernisation takes place;
3. Introducing a genuine no-disadvantage test for new collective agreements and ITEAs;
4. Enabling the Australian Industrial Relations Commission (AIRC) to undertake the process of award modernisation; and
5. Removing the requirement for employers to provide the Workplace Relations Fact Sheet to their employees.

Following the nominal expiry date of an AWA, it may be terminated unilaterally by either the employer or employee on 90 days' notice. The employee would then be entitled to the benefit of an applicable collective agreement or award in the workplace.

As requested by employer and employee representatives, the Bill will allow parties to retain pre-Work Choices certified agreements and to extend or vary those agreements in limited circumstances to avoid an unnecessary transition into Work Choices laws prior to the commencement of the Government's new workplace relations system.

The Government will introduce its substantive workplace relations reforms into Parliament later this year after extensive consultation, to ensure that the Rudd Government's new workplace relations system will be fully operational by 1 January 2010.



Payroll getting you down? It shouldn't be.

Stand alone Payroll systems are often thought of as an unnecessary luxury; however, with the ever changing industrial relations landscape, complexity of industrial agreements and increasing size of businesses workforces, the need to invest in efficient payroll systems is greater than ever.

A common complaint amongst business owners is that leave entitlement balances cannot be relied upon. Often this is because consultants fail to make clients aware of the limitations of using programs such as MYOB and QuickBooks to accrue leave balances. Those that are aware of the limitations find it increasingly difficult to manage these limitations as the number of employees increase. Business owners are also looking for simplification in managing employee award conditions such as a single point of entry to update standard pay rates, hours of work and leave accruals across all employees.

The solution is to implement a mid level payroll system. Mid level payroll systems are feature rich and flexible as they are designed to do one thing, process payroll efficiently. There are a large number of payroll packages in the mid level market space with various points of differentiation. We would recommend HR3's HR3Pay due to it being user friendly, value for money and feature rich. HR3Pay enables you to load award conditions and template pay scales to allow for a single point of entry for changes in award conditions and pay rates. The HR3Pay system also communicates electronically with the ATO, financial institutions, employees, business owners and various popular accounting systems.

As your business grows, so can HR3Pay by adding a combination of Advantage Pack, Human Resource Pack, Electronic Time and Attendance and web based Employee Self Service Kiosk at any time.

Before making any decision to implement a mid level payroll package you must first carry out a needs analysis of your payroll requirements and have your Payroll Manager review a demonstration of the products you are considering to ensure it will do everything you require. Consideration needs to be made regarding compromising on features as this reduces the value proposition of the product. A larger investment in payroll software now can provide you with productivity gains from payroll administration increasing your return on investment. Budget constraints will inevitably dictate where your feature compromise begins when considering software options.

If you are considering moving to a mid level payroll system and require assistance preparing a payroll system needs analysis for your business or would simply like a demonstration of the HR3Pay product and discuss what it can do for your business, please contact Michel Graham, HR3 accredited reseller, from Cutcher & Neale's Business Software and System Solutions division.



The paperless office – fact or fiction?



The paperless office concept isn't a particularly new one, yet one that seems to be slow in taking off.

Many tried to go paperless in the early to mid nineties when desktop computers and scanners became common place. However, people soon discovered hardware was slow and expensive and software inadequate.

Over the past few years there have been great advances in scanning, optical character recognition and document management software. At the same time, prices for hardware have fallen and are within reach of most offices. The barrier to achieving a paperless office is no longer a technical issue, rather, it is an organisational issue.

The reality is that no office will ever truly be paperless. The real goal is not to be a slave to paper – searching for it, filing it, storing it and losing it at inconvenient times. The benefits of becoming “paper-lessened” are indeed impressive once implemented.

Some of the benefits of a paperless office are:

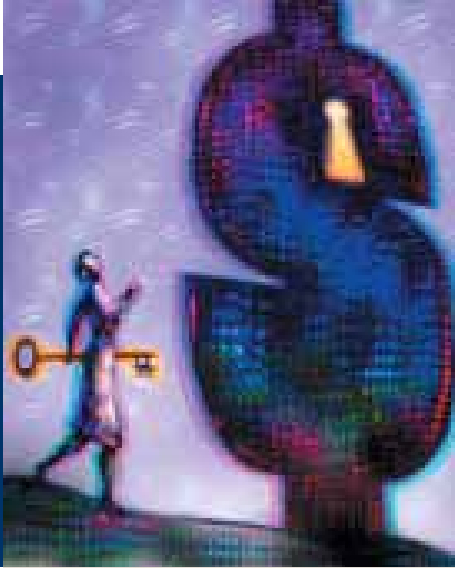
- Less paper files and documents to file, store, misplace and search for.
- Savings in time spent handling documents and office procedures.
- More available space in the office from a reduction of storage areas, filing cabinets etc.
- Faster and simpler inward and outward mail procedures via scanning of correspondence direct into client files.
- More accurate filing.
- Faster information and file retrieval for answering client/customer queries. Everyone in the office knows where to find things.
- Allows team members working offsite to access all client/customer information.
- Staff will appreciate the benefits making it easier to retain and attract new staff.

Overall the benefits are improved efficiency, cost reduction and improved client service. In turn this will help grow the business.

What needs to be done before going paperless?

- Make the commitment
- Plan, plan, plan
- Research rules regarding document retention
- Ensure hardware meets specifications
- Install suitable document management software
- Decide what should be scanned

Cutcher & Neale have recently implemented a paperless office system. If you are interested in moving to a paperless office but don't know where to start, or need to improve your systems, call our Business Software and System Solutions division on 4928 8500.



The need for integrated financial solutions

A significant amount of money is earned and spent during your working life. The way this money is managed plays an important part in determining financial prosperity. Whilst everyone's financial needs and wants are different, it must be recognised that they are dynamic, not static, as they proceed through life.

The widespread effect of the sub prime disaster has reinforced the need for regular review and assessment of one's financial plans.

Proper planning and strategy setting is fundamental to achieving financial security and well being, particularly as the prospect of retirement looms.

Planning integrated financial solutions prior to retirement will enable clients to set achievable benchmarks, protect their capital and commence retirement with certainty and peace of mind.

The issues that need to be addressed are extensive to ensure the most tax effective and financially sound strategies are in place.

This must include:

Debt Management

- Mortgage repayment benchmarks
- Negative gearing strategies

Accumulating Superannuation

- Setting future targets of accumulated benefits
- Salary sacrificing
- Contribution splitting
- Maximising tax free components

Retirement Income

- Tax effective benefit withdrawals
- Account based pension projections of future balances
- Government support

Tax Planning

- Income splitting
- Tax effective investment income

Family Commitments

- Future capital expenditures
- Family education and health needs
- Ongoing lifestyle requirements

Risk Insurance Needs

- What happens if?
- What insurances are in place ?
- What is covered ?
- Are the policies appropriate ?

Estate Planning

- Capital protection from predators
- Young children's ongoing needs
- Family law considerations
- Remarriages
- Protecting children from themselves

The above points summarise aspects that must be considered in formulating an integrated financial solution.

Cutcher & Neale Investment Services will address all of these issues and bring together a comprehensive plan, addressing your current position and your future needs.

Building your financial future is not unlike building a home. A plan needs to be in place to bring the materials together to produce the desired end result. The end result being heavily reliant on a proper plan and its implementation.

Is direct property investment the new boom area for self managed super funds?



Up until now Self Managed Super Funds (SMSF) have been denied the opportunity to invest into real estate assets via gearing, but recent legislation changes now provide an exception to superannuation borrowing restrictions. The new legislation allows SMSF trustees to set up their own private instalment warrant arrangements and borrow to buy commercial and residential property.

The new rulings allow Superannuation Fund Trustees to borrow funds to invest under strict conditions via an instalment warrant. Instalment Warrants are specialised investments that allow an investor to leverage exposure to an asset (traditionally shares eg. Telstra 3) by making a part payment up front, and delaying the final payment until a later date.

Many financiers are now launching loan products aimed at SMSF. For borrowings to be allowable, these loans must be on a limited recourse basis only, meaning the lender's security is limited to the asset purchased, and not any other assets of the super fund.

For example, an existing self employed client may wish to purchase a commercial premise to operate their business from for \$600,000. They have \$300,000 in an existing SMSF to contribute and need to borrow an additional \$300,000 to complete the purchase. This client can now contribute the \$300,000 as an upfront payment and arrange for their SMSF

to borrow the \$300,000 to complete the purchase. The commercial property will be held on behalf of the SMSF in a trust. The SMSF will make interest only repayments to the lender and will acquire legal ownership of the property when the final instalment is made at the end of the investment period.

This enables the client to obtain ownership of the property via their SMSF, pay rent directly to their super fund and take advantage of the tax benefits of investing via superannuation.

Most lenders have launched products with the ability to lend up to 70% of the value of a residential property, and 60% for commercial properties. Depending on your investment strategy, it could be time to look outside the traditional superannuation investment vehicles, and consider shifting your super into direct property.

For more information please contact us on 4928 8500.





Spilling the Beans

Business Digest asked Lollipop's Playland & Café to share the company's success story.

Lollipop's Playland & Café

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Lollipop's Playland & Café started in New Zealand in 1993 with the first franchise opening in 1995, and in Australia in 1997. The business model was based on research of "pay for play" businesses through the USA and Canada, which has then been refined over time to suit the Australian and New Zealand market place. Today there are eight centres in New Zealand and 13 in Australia with future site locations under development.

Q Reasons why you decide to franchise with lollipops

A We initially looked at developing our own centre from the ground up, however being a business with a high capital investment needed to open and having worked for 15 years in a franchise system we understand the benefits that a franchise system brings. In the end it was a risk and return equation, there is less risk in a franchise system as we could take the learnings from other established sites rather than go alone, allowing a return to be achieved.

Q There is a certain amount of challenge when growing a company. What's been the most challenging aspect of business for you personally?

A While having worked in a corporate sector for many years there are many aspects of business ownership we have had to learn, from payroll systems, OH&S requirements to workplace laws. With the rapid changes in the workplace system over the past few years and the uncertainty leading into the 2007 election, work place laws has certainly been the toughest.

Q From the lessons you have learnt in business, is there any advice you can part to other business?

A Other franchisees and business owners I have spoken to have often raised the fact that some of the things we outsource they do themselves. One of my key learnings is know your strengths and employ or utilise other people to do those things that are your weaknesses so you can work on your business, not get bogged down working in it. As business owners there are many things we can do ourselves, but sometimes it is easier in the long run to have somebody else do it and if that costs, then it is probably worth it.

Q Lollipops started 15 years ago (opening eight months ago in Newcastle) and is growing in leaps and bounds. What is it that you believe you are doing different from your competitors?

A We have a set business model that has been refined over the past 15 years. We differ from our competitors by catering not only to the kids but offering their parents a fully relaxing environment, from dedicated quite areas with lounges to our full café menu all in a fully air conditioned centre. When it comes to kids we can entertain kids of all ages with dedicated toddler areas, merry-go-round, play stations and multi-level play frame that parents can enjoy with their children. We took the Lollipop's business model and added our personal touch with a fit out that makes an even bigger statement of quality and style, focusing on the weaknesses of our competitors.

Q What are your top 5 tips for success?

- A
1. Invest in your people, they say more about your business than advertising.
 2. Invest in your people, they are that important to list them twice.
 3. Know your limitations, use professional help when you need it.
 4. Work on your business, not in it as often as you can. Many times you can get caught up in the daily tasks and not plan for the future or see what is happening around you.
 5. Take time at work and outside of it to have fun. Business ownership is stressful enough without added pressure by not taking time out.



Changes affecting small business

For the 2007–08 and later income years the simplified tax system (STS) no longer operates and has been replaced by the small business entity provisions.

You can continue to use the concessions that were in the STS if you are a small business entity.

If you are a small business entity:

- you can choose from a wider range of concessions;
- you can choose to use only those concessions that suit your business needs, and
- you no longer need to notify the Tax Office of your eligibility or your choice to use the concessions.

What is a small business entity?

You will be a small business entity if you carry on a business and your business turnover ('aggregated turnover') is less than \$2 million.

Aggregated turnover is your annual turnover plus the annual turnover of any businesses you are connected to or affiliated with. The aggregation rules determine if the turnover of another business entity needs to be included with your turnover. The aggregation rules are similar to the former STS grouping rules.

We outline below some of the concession now available to small business entities.

Capital Gains Tax

Access to CGT concessions without having to satisfy the net assets threshold. For entities with high asset values and low turnover, this now opens the door a potential tax free sale of business.

Simpler depreciation rules

Pooling of assets for simpler depreciation claims and ability to claim an immediate deduction for most assets costing less than \$1,000.

Simpler trading stock rules

You can choose whether or not to do an end-of-year stock take if the value of your trading stock has not increased or decreased by more than \$5,000 over the year.

Immediate deduction for certain prepaid business expenses

You can claim an immediate deduction for prepaid business expenses where the payment covers a period of 12 months or less that ends in the next income year.

GST

You have the option of:

- accounting for GST on a cash or accrual basis;
- paying GST instalments and lodging an annual GST return;
- apportioning private use on business purchases annually.

Fringe Benefits Tax

You will be exempt from FBT on car parking benefits you provide to employees.

Two year period for amending assessments

You and the ATO will only have two years to amend your return (instead of four years). This does not apply in situations of tax avoidance.

These concessions are a step in the right direction to reduce red tape and compliance cost for small businesses.

Diary Dates

April 2008

7 Monthly payroll tax instalment for March

21 Quarterly activity statements for quarter 3, 2007–08 due for lodgement and payment

28 Super contributions for quarter 3, 2007–08 to be made

May 2008

7 Monthly payroll tax instalment for April

15 Final due date for 2007 Income Tax Returns not required for lodgement earlier

28 Annual FBT Return payment and lodgement due

21 Monthly activity statements for April 2008 due for lodgement and payment

June 2008

7 Monthly payroll tax instalment for May

21 Monthly activity statements for May 2008 due for lodgement and payment

Did you know?



Cutcher & Neale going green

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Abolition of NSW mortgage duty

Duty on mortgages for owner occupied housing was abolished on 1 September 2007. NSW mortgage duty will not be chargeable on advances made on or after 1 July 2009.

Lease duty

Lease Duty will not apply to a variation of lease made on or after 1 January 2008 even if the variation to the lease is to increase the cost of the lease that was executed before 1 January 2008. No refund will be available if the lease is varied to reduce the cost of such lease.

"History is merely a list of surprises. It can only prepare us to be surprised yet again."
— Kurt Vonnegut

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