



## Welcome...

By Ian Neale, Partner

Cutcher & Neale has been dedicated to delivering the latest information on current trends and potential problems facing the club industry in our Club Chat newsletters. As the industry changes, so do we need to change. With that in mind, we are pleased to announce the rebranding of Club Chat.

You'll see the transformation begin with this issue – a redesigned newsletter which is more reader friendly with examples you can relate with.

We hope you enjoy the new journey.

# Are you preserving your working capital?



One of the challenges facing many clubs today is ensuring their working capital reserves are protected in times of change.

### Workers' Compensation Funding

Meeting your statutory workers' compensation obligations can place a strain on business cash flow by tying up working capital. With the arrangement of a flexible payment option, tailored to meet the financial needs of your business, a facility can be set up to enable you to spread your workers' compensation payment over a period of 6 to 10 months.

### Gaming Machine Funding

The finance of gaming machines is a specialised field, requiring people who understand the industry and can advise clients on the best way to fund their equipment.

There are a number of different facilities which

can be structured to meet with the club's goals by funding the acquisition of the gaming machines via either a commercial hire purchase, finance lease or rental contract.

Achieve maximum business growth by retaining your working capital and preserving your facilities for other income generating opportunities. Some of the advantages of external funding are:

- Fixed interest charges for the term of the facility protect you against interest rate fluctuations.
- Interest is fully tax deductible.
- Automatic payment transfers reduce your administration costs.
- No loan service fees or security fees apply.

For example, XYZ Club recently found themselves in the situation of wishing to renovate and expand an area of their club to attract patrons from the

local community and had over a period of time collated enough funds to do so, however their workers compensation premium was about to fall due and this coupled with the clubs policy to update their gaming machines was going to bite hard into the cash reserves.

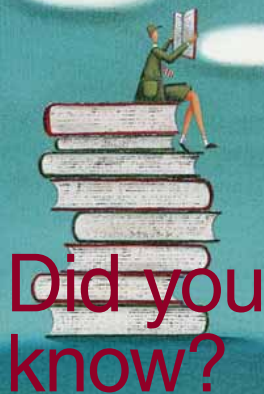
The Cutcher & Neale Finance Division, through its many accredited financiers, were able to secure finance to meet with the clubs requirements via funding the workers compensation premium and the acquisition of the new gaming machines on a structure that complemented the clubs activities and cash flow.

In being able to provide these forms of funding XYZ Club continued to trade without any burden on their working capital reserves and was not required to provide any additional security.

Other areas to think about sourcing funding for are a variety of cancellable and non-cancellable insurance policies, such as commercial insurance including industrial special risk, public liability, comprehensive motor vehicle and professional indemnity.

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# Christmas activities leaving you with an FBT headache?



## The Future of NSW Clubs

The NSW Coalition has signed a memorandum of understanding with Clubs NSW that if elected in 2007 they will reinstate and freeze the rate for poker machine tax going forward at the current rates.

## Tsunami Donations

Donations to the Tsunami appeal whilst not permitted under the CDSE scheme this year may be able to be included as a complying contribution in the 2006 CDSE year. Approval is currently before the minister and will be split on a 50:50 basis between category 1 and category 2 expenditure.

## Don't let your Christmas festivities leave you with a Fringe Benefits Tax (FBT) headache. Plan your Christmas presents and parties now to avoid an unwelcome FBT bill in the New Year!

### Entertainment for clients

Providing a Christmas party for clients is not subject to FBT and not tax deductible. Gifts such as Christmas gifts are also not subject to FBT but will be tax deductible.

Christmas Parties held off your premises are subject to FBT if the cost of the function exceeds \$100 (GST inclusive) per person (or greater than \$100 for an employee and spouse combined), but is tax deductible. Conversely if the total benefit is less than \$100 it will be exempt from FBT, but not tax deductible.

### Gifts to employees

Christmas gifts for employees costing less than \$100 (GST inclusive) per person are exempt from FBT and are tax deductible, providing they are minor and infrequent. However if they are over \$100 per person they are subject to FBT and are tax deductible.

### Bonuses

A Christmas cash bonus may be a welcome gift from employees, however it is important to consider the tax and reporting consequences, as not factoring in the appropriate amount of tax to withhold may result in a tax bill for your employee at year end, not quite the present they were after! It is also important to remember that a bonus must be reported on your employees Pay As You Go Payment Summary.

## Prefer to receive your newsletter by email?

If you would prefer to receive future issues via email, please email your contact details and preferred email address to [clubchat@cutcher.com.au](mailto:clubchat@cutcher.com.au)

We would also love to hear from you if you have suggestions on what you would like to read in future issues.



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