



Business Development



Taxation Business



Taxation Individual



Finance



Wealth Creation

**In this month's issue...**

- + New service - cfo2go
- + McKinley Plowman fundraising events
- + Competitive tendering process
- + Capital growth vs. Income
- + Will your children have the best in life?
- + Long service leave entitlements
- + How to avoid skin cancer
- + Culture is the hidden success for businesses
- + Smart ideas to improve the family budget
- + Staff news
- + Staff profiles
- + Joke



**New service -**

We are proud to announce the launch of a brand new service – cfo2go.

If your business is new, undergoing change, growth or restructuring, then cfo2go can make a positive difference. cfo2go enables business owners to call on the services of external, rather than in-house, chief financial officers (CFO).

Driving business owners to thrive in the post boom environment, cfo2go is showing clients how to implement production efficiencies, generate savings and drive growth and innovation.



Highly qualified and experienced in accounting, financial planning, finance broking and mentoring, the cfo2go team provides businesses a full-time professional focus for a part-time cost.

A major advantage of cfo2go for increasingly cost-conscious business owners is the ability to access a broad range of professional financial expertise with the one budget. cfo2go also provide an interim measure for companies who need regular access to professional advice but are concerned about making a major financial commitment to employ a full time CFO in-house.

cfo2go's professional framework is shaped by the core goals of achieving real and measurable strategic objectives whilst at the same time taking into consideration asset protection, tax minimisation and organisational change.

A cfo2go's role can include mentoring, attending board meetings, developing and implementing business plans, reviewing business structures, conducting financial and tax planning, succession and scenario planning.

Our broad spectrum of users, which hail from media, financial, retail and manufacturing backgrounds are challenged to take a different perspective towards achieving their goals.

Small to medium enterprises (SMEs) are shown how to implement the sorts of systems larger businesses have – something which significantly improves business performance while also giving the business owner more personal freedom.

Clients find they initially require intensive assistance from this division, however this is often reduced to fortnightly or monthly strategic management meetings down the track.

For more information go to [www.cfo2go.net.au](http://www.cfo2go.net.au) or call our office.

**Fundraising events**



Taking part for a cause - Stephen Martin, Marcus Benson, Conrad Allmark, Witsava Shawcross, Paul Moran and Jan de Bruto.

McKinley Plowman's fundraising during the last quarter has supported several charities and raised lots of money.

**Movember** (formally known as November) is an annual, month-long celebration of the moustache, highlighting men's health issues, specifically prostate cancer and depression in men. This year, during **Movember**, staff at McKinley Plowman raised **\$486** for Movember's men's health partners – The Prostate Cancer Foundation of Australia and beyondblue – the national depression initiative. To date, Movember has raised AUS\$60 million globally for the fight against prostate cancer and depression in men. And, more importantly, as a direct result, male awareness of health issues has improved with Movember helping to spread health messages directly to millions around the world.



**Business Owners - Think you maybe paying too much on your loans and want to save money?**

**McKinley Plowman – Competitive Tendering Process**



Our finance broker Paul Moran has over 20 years experience in the finance industry, previously working for the major banks as commercial managers. Paul is happy to review your current loan facilities, re-structure them if needed, talk to your own bank to look at reducing your rates or put your Business out for tender to see who will offer the best overall package as the banks bid for your business.

Did you know there are banks who will not charge a rate premium for a business loan, but offer Home Loan rates even if there is a Company/Trust structure involved?

Please call us on 9301 2200 to book a time to review your current financial position

MURRAY MCKINLEY CPA (FPS), B.Bus. (Acc & Fin) NIGEL PLOWMAN FPNA, FTIA, D.Bus. (Acc)

PAUL MORAN FINANCE BROKER MFAA Broker License No. 2915 MPM Finance Pty Ltd A/TF The MPM Unit Trust Broker License No. 2916  
 5 DAVIDSON TERRACE, JOONDALUP WA 6027 TEL: (08) 9301 2200, FAX: (08) 9301 2201

EMAIL: [accountant@mckinleyplowman.com.au](mailto:accountant@mckinleyplowman.com.au) [www.mckinleyplowman.com.au](http://www.mckinleyplowman.com.au)

CORRESPONDENCE PO BOX 635, JOONDALUP WA 6919





## Property Capital growth vs. Income: Why is one superior?

Capital growth is absolutely crucial if you want to build your very own property fortune. It is also the major reason why many average investors fail to make serious money from property investment.

It's a common debate in the property industry about income vs. capital growth - I don't believe they are necessarily mutually exclusive. You can generate income and capital growth subject to a number of variables. Income is important, however to truly grow wealthy from property investment you must have capital growth.

While it's understandable to be concerned with your cash flow, there is a real risk that making short-sighted decisions could have dramatic consequences to your long term wealth position. So it pays not to lose sight of the end-goal.

Successful investors understand the miracle of compound growth. Continuous growth in the value of investments year after year has generated vast fortunes over time. A comment often attributed to Albert Einstein is, "Compound interest is the greatest mathematical discovery of all time." Most investors probably don't see much difference between getting 8% per annum and 11% per annum from their investment. While 3% per annum doesn't sound like a huge amount, you might be staggered to find out the cumulative differences to the level of wealth created over time.

If you invested \$400,000 in a property and received a capital growth rate of 8% per annum (let's ignore income and expenses for this illustration to keep it simple) it would be worth \$1,864,383 in 20 years. If you purchased a property at the same price that could derive 11% per annum, it would be worth \$3,224,949 after twenty years. That's a staggering \$1,360,566 difference! The impact of leverage makes the difference on the return on capital invested even more impressive.

The other great benefit of capital growth is that you don't pay tax on the gain until you sell. If you hold a property forever you never pay capital gains tax. The ability to defer capital gains tax on the gains made each year is extraordinary. This gain continues to compound each year, delivering fortunes to those who know how to find the right investment properties.

There will be properties that will produce 2-3% per annum compound growth above the median property price. To be a successful and wealthy property investor, it is essential that you employ the strategies and research to enable you to achieve this goal. At Momentum Wealth, it is our mission to find you the properties that outperform the rest.

Miriam Sandkuhler is an Acquisitions Specialist at Momentum Wealth. Qualified with a Diploma of Property and a Diploma of Business Studies, Miriam's experiences in business and as a Real Estate Licensee have given her the edge in negotiating great deals on behalf of her clients.

For more information on how Miriam can help you find and evaluate a great investment property and to receive a free copy of the e-Book, **'22 Things You Need to Know BEFORE You Invest in Property'** you can contact her on 0424 137 474 or by email at [miriams@momentumwealth.com.au](mailto:miriams@momentumwealth.com.au)



## Will your children have the best in life?



Raising a family these days is an expensive business. With so many financial obligations, it is getting more difficult to ensure your children's future is secure. One of the largest expenses you will face as a parent will be your children's education. Whether you decide on public or private schooling, it is essential to plan your finances to make sure your children get the best.

Now is the time to start saving for your children's future. The sooner you start, the easier it is to create wealth with the power of compounding. Compounding is the process whereby money makes money - by reinvesting your earnings you will earn more income in the future. For as little as \$1,000 and an additional \$100 per month you can invest into a diversified managed fund, and with this regular savings plan, be on the path to providing your children with the best.

As a Member of Count Financial Limited, McKinley Plowman & Associates offers financial planning services, investment reviews, personal insurance and home and investment loans, to look after all your family's financial needs.

Always remember, that no matter what stage of your financial journey, come and see us to assist you in securing the financial future of your most precious asset - your children.



## Long service leave is an entitlement for all employees

Employees are generally entitled to 8 2/3 weeks of paid long service leave after 10 continuous years of service. For every five years of continuous service after this initial 10 years, employees are entitled to another 4 1/3 weeks of paid leave. Employees are entitled to a proportionate entitlement on termination after seven years of continuous service.

Provided agreement is reached between the employer and employee, long service leave is to be granted and taken as soon as reasonably possible after it falls due and may be taken in one continuous period or in separate periods of not less than one week.

Where an employee has been entitled to their long service leave for more than 12 months the employee can give the employer two

weeks' notice of his or her intention to take leave. An employer must not refuse the request.

As a general rule, the long service leave entitlement is paid at the ordinary rate of pay applicable at the time the leave is taken. Ordinary pay does not include shift premiums, overtime, penalty rates and allowances. Commissions and bonuses form part of the ordinary rate of pay.

### Need more information?

If you require more information on employment arrangements contact Wageline on 1300 655 266 or visit [http://www.docep.wa.gov.au/LabourRelations/PDF/Misc/Long\\_service\\_leave.pdf](http://www.docep.wa.gov.au/LabourRelations/PDF/Misc/Long_service_leave.pdf)

## How to avoid skin cancer

1. Avoid exposure to sunlight when the sun is strongest (10am-4pm)
2. Avoid the use of tanning salons
3. Get your moles checked every two years
4. Most damage occurs during childhood, so apply lots of sunscreen on children
5. Get sun naturally from outdoor activities, not tanning on the beach
6. Use a good quality sunscreen
7. Follow the one teaspoon rule (one teaspoon of sunscreen per limb, face, back and front)
8. Check your sunscreen isn't out of date
9. Don't leave sunscreen in the car when it gets hot
10. Apply sunscreen every hour



## Culture is the hidden success for businesses

To be successful a business needs culture - the "icing on the cake". Culture affects every aspect of the business: shareholders, directors, management, team members, customers and suppliers.

Culture is the hidden success:-

- The attitude of team members of "going the extra distance" to satisfy customers' requirements.
- The attitude of customers who might be prepared to overlook late delivery because of their overall satisfaction of dealing with your business.

Culture relates to the image that your business creates in the market place:-

- Are staff pleasant and presentable?
- Is the telephone answered in a professional manner?
- Are emails produced in a professional manner?
- Are telephone calls and emails replied to promptly?
- Are products delivered on time?
- Are products delivered with the required workmanship?
- Is quality a priority in the business?



Culture is one of the main attributes of a business that will hold the business together and will give the business that extra strength and perseverance to battle through and survive harsher economic circumstances. If you would like to discuss a "Culture Review" for your business please contact us.



## Smart ideas to improve the family budget

As many families are adjusting the household budget, insurance is often an area that is considered an expense that can be cut back upon. The consequences of such a decision however can be devastating, especially when there are smarter alternatives to improving your cash flow.

Consider that the average Australian, who has a 40-year working life (Ages 25 to 65), will earn more than \$2.3 million during that time, and that 1 in 3 will be off work due to illness or injury for a continuous period of 3 months or more!<sup>1</sup> For some Australians, the illness or injury will lead to a forced and permanent retirement.

Having removed the cover, what would the impact of such an event be on your financial situation and your family's lifestyle?

The solution is to be prepared for such events through affordable, cost-effective protection measures which do not have to hurt your hip-pocket. Note that in most cases, a comprehensive protection plan will include Life, Total & Permanent Disability, Trauma Cover and Income Protection.

### Superannuation: A smart funding solution to protect your family's future

Funding your financial protection through super makes good sense. There are several advantages, such as:

#### 1. It doesn't affect your family budget:

A range of protection measures such as Life Cover, Total & Permanent Disability (TPD), and Income Protection can be funded through your super fund. You can arrange for the premiums to be deducted from your superannuation balance, so it doesn't affect your cash flow. This leaves much needed cash flow for the family budget!

The trade-off is that you will use up some money that would otherwise contribute towards your retirement needs. The question is though, what if, like many Australians, you were forced to retire due to declining health? At least you know that your financial and lifestyle protection is in place. Clearly, achieving an appropriate balance here is the desired result.

#### 2. Pay for your Life/ Total & Permanent Disability cover with pre-tax dollars:

If you are paying for Life, or Total & Permanent Disability (TPD) cover outside super then you are paying with after-tax dollars. Inside super, the cover is deductible to the super fund, which means you are paying with pre-tax dollars.

For example, if you are on marginal tax rate of 31.5%, you need \$1,428 per year to fund a \$1,000 Life and TPD policy outside superannuation. However the same policy held inside superannuation costs only \$1,000 per year, as the premiums are deductible to your superannuation fund.

Clearly, holding the cover within super can result in significant savings!

#### 3. Get the government to pay for your financial protection:

Did you know that no more than 15% of eligible Australians took advantage of the Government Co-contribution in 2007-08?<sup>2</sup> By making an after-tax contribution to your super account, you could be eligible to receive an amount of up to \$1,000 - \$1,500 in your super fund.

(Please note the exact amount is subject to the changes as proposed in the Federal Budget. Also, you must be earning \$30,342 to be eligible for the full co-contribution, or up to \$60,342 for a partial co-contribution).

#### 4. If you are self employed, you may be able to claim a tax deduction:

If you are self-employed, you can generally claim your super contributions as a tax deduction, regardless of whether they are used by the super fund to purchase investments or insurance.

#### How we can help

We can help you achieve an appropriate balance between holding onto the right amount of cover to protect your family's lifestyle and saving for your retirement.

If you currently do have cover, our wealth protection specialists can review your policy to determine the features and funding solutions which will best meet yours and your family's needs.

#### References

1. Scott, Jeffrey (2008). *CommInsure: The real cost of Income Protection Insurance*. CIL867.
2. Rice Warner Actuaries (2009). *Touchstone Newsletter: May 2009*.



## Remember...

Motor vehicle log books are required to be completed every five years. The log book needs to be for three continuous months.

Keep your receipts for your children's school books, stationery, computer costs and software. You may be entitled to the 50% tax rebate.



## Staff News

### Carol Ann Green 1948 - 2009



It is with deep sadness that we advise of the passing of Carol Ann Green.

Carol was such a great person to have around the office. She always greeted everyone with a smile and she will be greatly missed.

Carol Green (left) with Jayne Turner & Margaret Robinson.

## Staff profiles



### Stacey Gordon - Financial Planning Support (Insurance)

What's the best thing about MP? **The staff are well looked after and are provided with great career opportunities and of course, the bar is awesome!**  
If you could fly anywhere right now, where would that be, and why? **Bali, because I just heard that you can drive a scooter off a bungee tower at Double 6 nightclub - I can't believe I didn't know that when I went last time!**

Favourite food: **Mexican**  
Star sign: **Capricorn**  
Where were you born? **WA**



### Rowan Ellery - Senior Accountant

What's the best thing about MP? **The staff and the atmosphere**  
If you could fly anywhere right now, where would that be, and why? **Los Angeles, visit some friends, maybe drive across to Tijuana**

Favourite food: **Steak**  
Star sign: **Sagittarius**  
Where were you born? **WA**



### Sian Ferraz - Accountant

What's the best thing about MP? **Great bosses and work colleagues**  
If you could fly anywhere right now, where would that be, and why? **Las Vegas - to see Elvis and the casinos!!!!**

Favourite food: **Chinese**  
Star sign: **Cancer**  
Where were you born? **WA**



### Sandy Karuthasami - Senior Superannuation Accountant

What's the best thing about MP? **Friendly staff, great working environment and great entertainment area**  
If you could fly anywhere right now, where would that be, and why? **Amsterdam, just for curiosity!**

Favourite food: **Steak**  
Star sign: **Cancer**  
Where were you born? **Mauritius**



## Reminder regarding odometer readings

It will soon be 31 March and that means the end of the Fringe Benefits Tax (FBT) year. A reminder to all clients having a vehicle/s owned by the business, you are required under legislation to record odometer readings at 31 March each year. If the vehicle was purchased between 1 April and 31 March, odometer readings at time of purchase are also required.

We can also use odometer records to determine the best FBT outcome for our clients.

A log book is required to be kept in the first year and then every five years. The log book must be kept for a continuous period of 12 weeks. Where a car is replaced, the original business use percentage for the old car can generally be used for the new car.

Odometer and log book records must be kept for a period of 5 years from the last year to which those records relate.

Please include this information when forwarding your year end compliance records. If you are unsure about or require further information about your FBT obligations please contact us immediately.

## Business Development Services

- Track your financial performance with monthly, quarterly or annual Financial Statements.
- Identify areas for improvement with Industry Benchmarking.
- Create an easy to understand visual analysis of your financial performance using Key Performance Indicators.
- Achieve the big business competitive edge with cfo2go. Your own Chief Financial Officer with a full time focus and part time cost.
- Know where your business is heading through Projections for profit & loss, balance sheet, cash flow, break even & key ratios.
- Know the likely outcome of a proposed action with Optimist 'What if' Financial Modeling.
- Plan to succeed with a written Business Plan.
- New business Start ups & Due diligence to ensure that you get what you pay for.
- Develop strategies and milestones and achieve results faster with our Client Advisory Board.
- Quantify the potential of your business and the effect of minor change with our Business Diagnostic Report.
- Our 12 month Business Mastery Program is internationally renowned to coach you to success.

## Taxation Services

- Tax returns for individuals, business and corporates.
- Forward tax planning with interim financial statements, projections, tax estimates & tax minimisation strategies.
- Business structures setup & review.
- Setup of in-house accounting systems to account for income tax, GST requirements and profit performance.
- All areas of GST, PAYG, CGT, FBT and Employer obligations.
- ATO objections, appeals & audit representation.
- International tax planning and advice.
- Effective Asset Protection creates a plan for the future which delivers maximum asset control, tax flexibility and asset security.

## Finance Services

- Access of up to 20 lenders for any style or size of Home Loan.
- Maximise your investment possibilities and wealth creation strategies with access to competitive Investment Loans.
- Find the right solutions for your property development and investment with our Commercial Loan facilitation.
- Establish your new business and franchise competitively with a choice of Business Loans or expand your existing situation.
- Benefit from access to cost effective hire purchase, leasing, chattel mortgage or novated leasing for Vehicle & Equipment Finance.
- Create personal wealth, equalise business partnerships, provide for succession planning and remove your property as security from the bank with Invoice Financing.
- Free Health Check of your existing loans to ensure facilities are competitive and structured correctly.
- Business competitive Tendering process to let the banks bid for your business.

## Wealth Creation Services \*

- Get Wealth Creation advice from independently owned Financial Advisers.
- Superannuation: minimise your tax bill now, and maximise your choices in retirement.
- Personal insurance is an essential part of every financial plan. It is used to protect your wealth, your lifestyle and provide for your loved ones.
- Take advantage of Transition to Retirement Pension strategies to increase overall superannuation in retirement.
- Transfer UK Pensions to Australia tax effectively.
- Investment planning and advice for managed funds, shares & property.
- Secure your future with Retirement planning.
- Accredited remuneration advisers for Salary packaging.
- Take care of your future. We establish, maintain and advise on eliminating tax and fees for Self managed superannuation funds.
- Save time, stay on-track! My Net Wealth®, is a unique service that allows you to access your Managed Funds and share investments online, 24 hours a day, 7 days a week.
- Successful investors know that the only way to ensure they achieve their personal financial goals is with Regular reviews.
- Negative gearing advice including ownership and borrowing structures.
- Gear investments for greater leverage with Margin Lending.
- Time spent preparing a Succession Plan is vital to the future of your business

\* Services provided as an Authorised Representative of Count. 'Count' and Count Wealth Accountants® are the trading names of Count Financial Limited, ABN 19 001 974 625. AFS Licence Number 227232. Principal Member of the Financial Planning Association of Australia Limited.

Liability Limited by a scheme approved under Professional Standards Legislation.

General advice warning: The advice provided is general advice only as, in preparing it, we did not take into account your investment objectives, financial situation or particular needs. Before making a decision on the basis of this advice, you should consider how appropriate the advice is to your particular investment needs, and objectives. Please note that any taxation and accounting services are not endorsed nor the responsibility of Count Financial Limited.

Lending services provided via Count's wholly-owned subsidiary finconnect (australia) pty Ltd, ABN 45 122 896 477. Head Office: Level 19, 1 Alfred St, Sydney 2000. Registered Finance Broker (ACT) #173 106 45. WA Finance Brokers Licence #4292. Count Advisers who provide Residential, Business, and Commercial Finance in WA must hold a WA Finance Broker's Licence.