

THE QUINTESSENTIAL BRIEF



“Keeping the busy professional informed.”

MICHAEL QUINN

Winter is over at last and we have moved into the freshness and warmth of Spring. Over too, for another four years are the Olympics. Congratulations to all the Australian athletes that competed, they did our country proud!

Back when the June newsletter was published we were busy relocating from Miranda to the newly acquired Sutherland office. We are proud to say that we are now happily settled in the new Shire location and the office is fully operational. The office furniture is in, the fit-out is complete, the phone lines are connected, the filing cabinets are in place and the staff are excited about their new surroundings.

In our last newsletter we said goodbye to Bernadette Kennedy as she set off across the seas to explore the world. This quarter we farewelled Courtney Dunn, receptionist at the City office. Courtney seems to have caught the same “bug” as Bernadette and has set off overseas to have herself some adventures. We wish her all the best on her travels. Taking Courtney’s place in the office is Eryn Alexandrei. We welcome Eryn to The Quinn Group and look forward to having her on board as an important member of the team.

In other ‘staff happenings’ over the past 3 months, John Elisher – affectionately known as “Probie” – has been admitted to the Supreme Court of New South Wales as a practicing Solicitor. Congratulations on your achievement John, we are proud of you and the hard work that you have put in to earn this honour.

This time of year is particularly busy for the Accounting Team at Quinns as they become buried

in what seems like an endless amount of tax returns and financial statements. If you have not contacted us to begin preparation of your returns, now would be the perfect time.

In this issue of The Quintessential Brief we have prepared articles on a range of current accounting and legal issues. There are tips on what you should know Before You Invest In Property as well as 5 Reasons Why It Is Important To Keep Good Business Records. From a legal perspective we look at the recent changes to our Industrial Relations legislation and explain why it is important to protect your assets with Shareholder Agreements.

We hope that you find this newsletter beneficial. If there are any legal, tax or financial planning issues that you would like us to address in future editions, please contact us on 1300 QUINNS or info@quinns.com.au. You can also email us if you would like to receive the latest legal, accounting and financial news update each Monday morning via our Weekly Client Alert.

On behalf of all of us at Quinns, we look forward to being in touch with you again soon.

Regards

Michael



THE QUINN GROUP
Accountants, Lawyers and Financial Planners
Providing the Total Solution

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Accounting

5 Reasons Why it is Important to Keep Good Business Records

The main reason that it is important to keep good business records is that it is a legal requirement. The law states that in general, business records are required to be kept for five years after they are prepared, obtained or the transactions are completed whichever event occurs later. Companies, and businesses with employees, are required to keep their records for 7 years. It is also a requirement that the records be in English, or a form that the tax office can access and understand in order to determine your tax liability. You may be required to keep some records for a longer period of time if, for example, they contain information that may be used in a later tax return or are related to capital gains tax liabilities.

Apart from the legal requirements, there are other reasons why you should endeavour to maintain good business records. If your business has a good record keeping system it makes it easier for you to:

1. complete your activity statements and prepare your annual income tax and fringe benefits tax returns
2. monitor the current situation of the business and assist you to make sound business decisions, such as keeping track of debtors and creditors to ensure that your cash flow is adequate
3. demonstrate the current financial position of the business to banks, lenders, prospective buyers and other interested parties
4. obtain maximum value from your accountant/tax advisor. If you can present your advisor with well prepared records and reports your money is spent on them providing advice on how to improve the business rather than sorting through shoe boxes of receipts
5. present necessary documentation to support any applications for amendments to activity statements or tax returns that have already been lodged

At The Quinn Group we can provide you with suggestions on how to improve the keeping of your business records. Our team of accountants can also assess your current records and provide a range of business development options tailored to your situation. If you would like to discuss this with us we can be contacted on 1300 QUINNS or by emailing info@quinns.com.au.

The New Government's Industrial Relations

Earlier this year, The Workplace Relations Bill passed through the Australian Parliament. This Bill marks the initial stage of the Labor Government's reform to the existing Industrial Relations legislation. The Bill will effect changes in most Australian workplaces. Whilst for some this will be a positive turning point, for others it will be seen as a detriment. The main purpose of the new Bill is for it to be used as a transitional form of legislation, until the bigger workplace changes come in to effect at a later date, in 2010.

It will take some time for the changes to be able to be assessed as being a more flexible and productive workplace relations system as opposed to the Work Choices law that it replaces.

This step has already brought about changes which aim to simplify current work awards. Some of the main changes that have been introduced are outlined in general terms below.

Removing AWAs from a

The new transitional legislation will remove new AWAs in the workplace. This means that AWAs that are already in place will thus people who are already employed will not be immediately affected by the new legislation. The new reform to workplace relations is to commence

Implementing new Work

Until the commencement of the new law, a new form of agreement known as 'Individual Employment Agreements' used by employers who h

Employers who are eligible to use them have had at least one person on an individual agreement. This is the case they ma



Legal

Shareholder Agreements – protecting your investments

A Shareholder Agreement is a contract that is held between some or all of the shareholders of a company. This agreement is in addition to the company's constitution and its purpose is to standardise and administer the rights of shareholders as well as to give them some control over the management and operational aspects of the company.

The lack of a shareholder agreement can result in various problems for a company. One of the most common situations where the absence of an agreement is felt is that it is almost impossible to force an unhappy shareholder to sell their shares back to the company at a fair and reasonable price. Without a Shareholder Agreement, which is also known as a partner (or investor) agreement, the unhappy partner can launch a lawsuit seeking greater return for their shares, and this action has the potential to be detrimental to the life of the company.

By providing a regulated exit strategy, the Shareholder Agreement dictates the value of the stock and shares, therefore eliminating any conflict that may be generated by differing opinions between the exiting investor and the remaining shareholders when a buy-out is taking place.

The Agreement not only specifies what price shares will be sold to shareholders at, but also include provisions on the control of sale of shares to outside parties and assists in ensuring that the shareholders maintain control of the company in the long term. This can be relevant in situations such as a shareholder getting divorced or passing away as provisions in the contract allow the remaining shareholders to control whether or not the co-ownership passes to individuals who have no previous affiliation with, or vested interest in, the company. In most cases, a Shareholder Agreement includes the provision that in the event of their death, each shareholder's executor is legally required to sell the shares back to the company.

If you are a shareholder in a company, particularly if you own a sizable portion of shares, it is recommended that you insist on the drafting of a Shareholder Agreement to ensure the safety of your investment. The Quinn Group are able to carry out the drafting and execution of Shareholder Agreements. For more information contact us on 1300 QUINNS or email info@quinns.com.au.

Workplace Relations Legislation

All workplaces in Australia

Legislation prevents the creation of any award across Australia. However, the existing awards will continue to operate, and employees already employed under an AWA will remain covered by the introduction of the new award law on Australian workplace awards from January 2010.

Workplace Agreements (ITEAs)

ITEAs are one of the significant workplace changes that will be used as a transitional tool, alongside 'Employment Agreements'. These will be used in place of previously used AWAs.

Employees eligible to make ITEAs are those who were previously employed in their organisation before 1 December 2007. If they were not, they can then make ITEAs with existing

employees providing that they have a current AWA, or new staff on the condition that they were not previously employed by the employer.

Replacing the 'Fairness Test' with the 'No Disadvantage Test'

With the introduction of the new legislation, replacement of the previous 'Fairness Test' with the new 'No Disadvantage Test' also took place at this time. The test is created to protect the employee when making a new agreement, essentially making sure that the employee's wages and conditions are not reduced. The 'Fairness Test' was used as a safety net for employees in that it was designed to ensure that employees received a sufficient compensation for any loss they may encounter by signing on to a workplace agreement. The transitional legislation replaces the 'Fairness Test' with the new 'No Disadvantage Test'. The new test is very similar to that of the old, except that it will cover more conditions including

comparing the remuneration and conditions in the award to the remuneration and conditions found in the agreement.

Starts the development of simplifying workplace awards

The main purpose of the new bill is to be a transitional tool to simplify awards. The new awards will not come into effect until 1 January 2010 and will contain 10 conditions of employment and the National Employment Standards. The Standards will replace those currently governed by the Fair Pay and Conditions Standard.

Industrial Relations is currently a very dynamic area and hence it is recommended that you seek professional advice in order to ensure that your compliance requirements and obligations are met. If you would like further information or advice regarding the Workplace Relations Amendments or any other area of Employment Law you can contact us on 1300 QUINNS.

Before you Invest in Property

There are a number of factors to be considered when looking to invest in the purchase of a property. The following should be carefully considered before making any purchase, regardless of whether it is your first or 21st property.

Always seek the advice of a professional

If you are looking to purchase a property, your first course of action should always be to seek the advice of a professional before doing anything. With the combined help of your accountant, finance broker, financial planner and solicitor you will be able to make well informed decisions and purchases that have a greater chance of long term profitability and capital growth.

Calculate ALL of the costs involved

Your team of professional advisors will assist you to calculate all of the necessary costs involved in your purchase. This should include not only the initial purchase price, but also the relevant taxes and ongoing costs such as maintenance and council fees. It is important to have a full cost estimate before agreeing to the purchase. Just because you have the money for the cost of the property does not necessarily mean that you can afford the whole package.

Tax obligations form a large part of the cost of purchasing a property. It is a necessity to be aware of the relevant taxes associated with your property purchase and discuss these with your advisors so that you can accurately assess whether it is a viable option for you at this point in time given your current financial situation.

Ensure you can obtain finance

Although it may seem quite obvious, it is imperative that you know whether or not you can obtain financing for the purchase, particularly given the current harsh economic climate. Obtaining credit is not a simple task anymore, as the banks are tightening their lending criteria.

Without guaranteed finance, and credit for the right amount to cover your necessary costs, your property investment venture becomes unachievable.

Understand the legal implications of "exchange"

It is also important to understand the legal implications of an "exchange" as there is a common misconception regarding the execution and implications of this process. Many people undervalue the significance of this process. The exchange of property contracts is a legally binding event. Once exchange occurs you are contractually bound and cannot take the liberty of changing your mind or deciding to negotiate the terms of the agreement.

Therefore, it is increasingly important to be certain that all aspects of the property purchase are 100 percent signed off before each and every purchase proceeds and especially before exchange takes place.

The assessment and review of your financial situation should be evaluated and reworked in relation to the above for every prospective property purchase that you consider as each situation will be different.

If you would like further information or assistance regarding property investment contact the The Quinn Group by calling 1300 QUINNS or email info@quinns.com.au



Legal and Accounting



important dates

- 7 September** Father's Day
- 27 September**
NSW School Holidays Begin
- 5 October**
Daylight Saving Begins
NSW School Holidays End
- 6 October** Labour Day
- 21 October**
Annual PAYG Instalment Notice and
Final Payment due
- 28 October**
Quarter 1 (July - September 2008)
• Business Activity Statement due
• GST Instalment due
• PAYG Instalment due
• Superannuation Guarantee
Contributions to be made
- 31 October**
Tax Return Lodgment Date for
Individual Self-Preparers
- 4 November**
Melbourne Cup Day

At Quinns This Quarter...

Whilst we have been extremely busy dealing with the usual flurry of legal and accounting matters this quarter, we have managed to find a little time to mark some personal milestones and enjoy a bit of fun.

John Elisher was admitted to the Supreme Court of NSW as a lawyer on Friday 15 August. He was accompanied at the ceremony by his very proud mother and Quinn Lawyer's Senior Solicitor, Andrew Goddard. Congratulations John!

Congratulations also to Quinn Consultants Accountant, Steven Sun, who recently proposed to his beautiful partner Catherine, a highly qualified accountant herself. She has, of course, accepted his proposal and we wish them both all the best as they prepare to spend their lives together.

Amongst the hard work and celebrations we took some time out as a team and attended a fun-filled afternoon at Artescape. We had a fantastic time getting in touch with our "creative side" and it was a great way to spend time getting to know each other outside of the office environment.



spotlight

TONY STRAUF



Name of your business?

*Southern Cross Masonry Contractors
(Aust) Pty Ltd*

What does your business do?

Brick / Block Laying

How long have you been operating?

Over 20 years

What distinguishes your business from your competitors?

We offer an excellent service with skilled tradesmen, as well as an extensive knowledge of the trade.

When I started this business I wished I'd known...

The amount of preparing and planning that is required for each job.

Best business advice anyone has given you?

Be aware of your competitors, but never loose focus of your own business.

What do you think the key to your success has been to date?

We have a positive attitude towards all aspects of our work and the drive and passion to succeed.

For any assistance please contact Quinns on 1300 QUINNS (784 667)

The Quinn Group is an integrated, accounting, legal, and financial planning practice, offering expert advice to help you achieve your business and personal goals. With more than 15 years professional experience, we are committed to building long-lasting relationships and providing you with superior client service in a timely and cost-effective manner. We offer our clients the unique opportunity to receive both financial and legal advice, at five convenient locations around Sydney and at times that suit you.

- **SYDNEY:** Level 1, 105 Pitt Street ▪ **SUTHERLAND:** Level 3, Endeavour House, 3-5 Stapleton Avenue
- **NEUTRAL BAY:** Level 3, 156 Military Road ▪ **PENRITH:** 51 York Road ▪ **PENSHURST:** 3 Laycock Road

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