

BUSINESS AND TAX NEWS

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Are you ready to expand your business?



EVANS EDWARDS
CHARTERED ACCOUNTANTS

When business is going well, many owners look to expand their business. Consider the following advice before doing so:

Regular customers

A sound indicator of whether or not your business might be ready for expansion is to consider your customer base. To feel comfortable in expanding, you should have regular and loyal customers that return your business. Customers that appreciate and value your business may also refer other potential customers. When you begin thinking about expanding, it might be worthwhile to create a survey or questionnaire, asking what could be done to improve the service your business provides. Any feasible suggestions should be implemented before expanding.

Financially ready

There are a lot of expenses associated with expanding your business. Hiring and training new staff, paying for new hardware and software, and any other technology needed to facilitate growth all costs money. Increased rent on additional office space and bills can add up to a sizeable figure, so it's worthwhile considering how this might be financed and what options you have. While you may be able to afford all of these expenses that come with expanding

your business, consider whether the profit you will make from implementing all these changes will be fruitful and worthwhile for the business, or whether it might be a loss in the long run.

Resources

Money is not the only resource you need to expand successfully. You may need adequate space. To gain more space consider whether you will open a second or third office or whether you will allow for more flexible working conditions, such as allowing staff to work remotely. Evaluate whether you have enough staff to handle a larger business; this includes answering phones, responding to emails, assisting customers in store, etc. If your business is one that makes deliveries, you may need to organise additional resources such as another delivery truck and potentially more delivery staff.

Develop a strategy

It is always good to be prepared as expanding is not a straightforward process. Regardless of how many loyal customers you have or how much money you have, you will need a sound business strategy to help drive your success. Plan how you will manage the expansion through completing a SWOT analysis. You should prepare a budget that will enable you to expand

successfully; and look at your numbers to analyse how current cash flow may enable or hinder the process. When you put your business plan into action and start expanding, regular and thorough reviews should be undertaken to stay on top of how well the process is going.

We can help with professional advice to guide you on your journey, so if you are considering expanding, give us a call.



Sometimes even SANTA needs some Taxation and Business advice leading up to Christmas, so we'll be here until midday on Friday 22nd December if you need us!

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Corporate vs individual trustee?

Setting up a self-managed super fund (SMSF) requires members to choose between using an individual or a corporate trustee.

Each trustee structure has varying requirements and implications for the members of the fund, so it is important to understand the differences. Members can choose up to four individual trustees or a corporate trustee, where a company acts as trustee for the fund.

For single-member funds with an individual trustee, there must be two trustees, and one trustee must be a fund member. If the fund member is an employee of the other trustee, the fund member and the other trustee must be relatives.

Single-member funds with a corporate trustee structure can have one or two directors. The fund member must be either sole director or one of the two directors. If there are two directors and the fund member is an employee of the other director, the fund member and the other director must be relatives.

One of the most significant differences between the structures is the ongoing administrative requirements and establishment costs. If a corporate trustee is selected, ASIC charges a fee to establish the company as well as an annual review fee. Whereas, individual trustee arrangements incur lower establishment and ongoing costs as there is no need to establish a company.

Although using a corporate trustee can be more costly, there are benefits in selecting a corporate trustee especially in regards to the ownership and separation of fund assets. For example, changes in membership can be simpler. When a person starts or stops being a member of the fund, they become or cease to be, a director of the corporate trustee. Therefore, the corporate trustee itself does not change and the title to the SMSF's assets is unchanged.

Where an individual trustee is removed or added, the titles of the SMSF's assets must consequently change. The fees associated with these changes can be costly as state government authorities and most financial institutions charge fees for amending the titles of the fund's assets.

In addition, a corporate trustee structure is a good form of asset protection, especially for professionals who work in industries where there is a high risk of being sued for damages (i.e. medical professionals). As companies have limited liability, this reduces the risk of personal assets blending with fund assets.

A corporate trustee structure is also suitable for those members who wish to borrow to purchase property through their SMSF. Most banks will require a corporate trustee structure for borrowing arrangements.

Another consideration when choosing a trustee structure is estate planning. An SMSF with individual trustees is not likely to continue to operate as usual with changes in trustees occurring unless and appropriate succession plan has been prepared. With a corporate trustee, a company continues in the event of a member's death. Members need to carefully consider the type of trustee structure most suited to their individual needs and seek professional advice if they are unsure.

Preparing your finances for the New Year

Managing your finances is a responsibility you should be on top of all year round, however, the New Year is the perfect time to review and evaluate.

Pay close attention to your investments and spending to enable you to enter the New Year on top of your finances.

Rebalance your portfolio

The New Year is an ideal time to sit down and review your investments. Without paying diligent attention to your portfolio, you may not notice that some assets aren't performing as well as you'd expect, or they have stopped performing in the way they once did. Revisiting and re-evaluating the returns your assets are providing will allow you to assess whether to keep investing in them or to cut your losses.

Set financial goals

Ideally, you should set financial goals as the new financial year approaches, and reassess these annually, at the end of the year. Now is the perfect time to revise

long-term goals and develop some new short-term goals. Seasonal goals might include establishing how well you want your holiday rental to perform, or developing renovation plans to begin after the holiday season to bring in more revenue for the next holiday season.

Reassess your mortgage and insurance

When your insurance is up for renewal, compare against other products and companies to ensure you are getting the best deal. Similarly, shopping around for a better deal on your mortgage could potentially save you thousands over the lifetime of your home loan.

Our office will be closed from
12noon on
Friday 22nd December.

We will re-open 8am
Tuesday 2nd January 2018.

Thank you for allowing us the opportunity to be of service to you this past year, and we look forward to working with you again in 2018.



**Merry Christmas
from everyone
at Evans Edwards
& Associates.**