

GNS Profit Builder

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MEMBER

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Insurance—Are You Properly Covered?

It can happen to anyone, maybe even to you: a sudden illness, a heart attack, a stroke, a debilitating injury. We all hope—or pretend—it won't happen to us but have you considered how you'd cope and provide for your family if it did? Particularly if you're a small-business owner.

The truth is that the majority of us are not adequately covered against the consequences of a major health scare or death.

The average Australian male will earn about \$4.1 million over their life time.

What would happen if you were to have an accident and were unable to work for an extended period of time or were diagnosed with a serious or terminal illness?

Would this affect your ability to afford your mortgage repayments? Could you potentially lose your home?

Would you need to cash in investments to pay for medical costs?

If you are unable to work, no one will be contributing to your Superannuation—how will this affect your retirement plans?

And what about the immediate financial & emotional pressures that would impact on those you love?

Research shows that Australians are generally unprepared in insurance terms against these potential lifestyle disasters.

GNS Group, through our affiliation with Count Wealth Accountants, can offer you and your family the following types of insurance: Income Protection Insurance, Total & Permanent Disablement Insurance, Trauma Insurance, Life Insurance.

With the knowledge that we have of our clients circumstances, we are well placed to structure appropriate insurance in the most tax effective manner.

When it comes to Insurance – Cheaper certainly does not mean better! With Income Protection Insurance, you are able to protect 75% of your salary for a defined term – we always recommend to age 65. As a rule of thumb, the premium cost is about 1% of your salary which is fully tax deductible.

Most people wouldn't think twice about insuring their home or car –why then do so many Australians gamble with the current and future lifestyles of themselves and their families?

If you would like further information on appropriate insurances for your own situation, talk to Anthony or Debbie on 9499 7444

Did you know?

- 69% of small business owners have no income-protection insurance
- About half of small-business owners are unaware that income-protection insurance premiums are tax-deductible
- Only 20% of income-protection policies cover women although women make up 45% of the workforce
- Asked how they would cope financially with incapacitation through a major health problem, only 14% nominated life insurance
- Only 22% of Australians have insurance as part of their wealth-creation strategy

Recent personnel changes at GNS

They say that the only constant nowadays is change and that is certainly the case at GNS Group.

No doubt you would have met Linda Briers at some time or another over the last 7 years, whether it be to discuss Superannuation, your investments, retirement planning or to refinance a home loan. Throughout this period, Linda has made a valuable contribution to so many of our clients, and it is with much regret I advise that Linda has recently left GNS Group to further her career in the city with one of the worlds largest banking groups in an opportunity that was just too good to refuse.

But with change comes opportunity.

Many of our clients will already know Anthony Sinclair who is a Partner of our firm.

Anthony has strong talents and skills in the Financial Planning area. (You may not be aware but when Anthony was completing his CPA studies, he achieved the equal second highest score in **Australia**, for the 'Personal Financial Planning and Superannuation' module.)

Anthony worked closely with Linda in the area of Financial Planning and will now take over the mantle of providing quality Financial Planning services to you our clients. Anthony will be supported by Debbie Farrell and Jenny Wood who provided administration support to Linda on an on-going basis.

We are confident Anthony will be able to build on the strong base Linda created and to grow wealth for our valued financial planning clients.

For more information or to arrange a consultation, call Anthony on 9499 7444



Welcome Alan Medlin

We are pleased to welcome Alan Medlin to the GNS team. Alan brings with him over 30 years experience in all aspects of taxation, both personal and business, and strong working knowledge of MYOB, QuickBooks and other software packages.

Alan graduated from Melbourne University with a Bachelor of Commerce degree, is a registered company auditor and tax agent, a CPA and a member of the Institute of Chartered Accountants. He's also an Aussie Rules umpire—but we trust you won't hold that against him!

Alan is also an example of the 'sea change' in reverse since he's only recently returned to Melbourne after many years in practice in the Swan Hill Region. Alan was a partner in that practice and provided taxation services and business management advice to a wide variety of local businesses including primary producers, manufacturers, retailers and service industries. A measure of his success can be appreciated in the growth of the business from an initial group of 7 professionals to a total today of nearly 30.

Alan is looking forward to meeting many of you soon and we are sure you'll be impressed with his professionalism, flexibility and responsiveness.



The Best Way to Finance Sales Growth

Are you tired of waiting for your customers to pay you so that you can pay your wages or suppliers? Would your business be better placed to take on more work and increase sales if you could draw up to 80% of your outstanding debtor invoices on a rolling basis? Have you considered debtor finance?

Debtor Finance works similar to an overdraft in that money owed to you by your customers is provided to you in advance on credit terms. The key advantage over an overdraft is that the credit facility does not need to be supported by a mortgage over property and, as it is linked to sales rather than security valuation levels, **you get the level of funding you need**, rather than what the bank is prepared to give you as secured against real property.

Benchmark Debtor Finance, a company which GNS has recommended to clients, is independent of the banks and caters to a wide range of small & medium businesses. In summary they offer :

- Funding to clients with Debtors between **\$50,000** and **\$5,000,000**.
- Confidential facilities in most cases.
- No lengthy contract terms. One month notice only.
- Flexible concentration levels for stronger debtors.
- Competitive pricing with management fees based on turnover levels.
- Local managers, Daily Processing, No unfair retention of funds.
- Hands off approach to debtor management.
- 5-10 workings days from enquiry to settlement.

If freeing up debtors would assist your business growth then why not make a call and find out if a better option is available to you?

For more information contact Gavin on 9499 7444

Debtor Finance—A Case Study

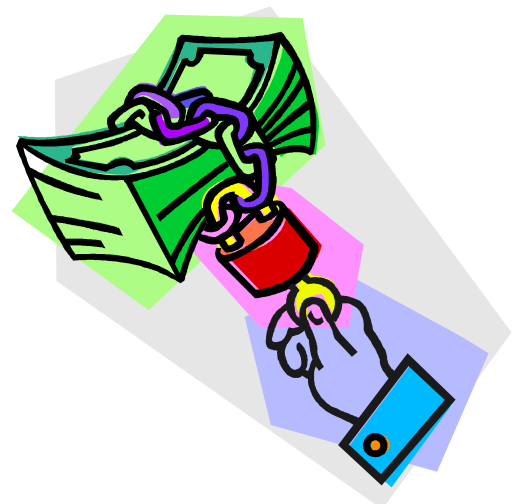
Bart's Labour Hire is a specialist Tasmanian labour hire business which finds work for retrenched workers, most recently for those miners laid off after the Beaconsfield mine accident. Its principal, Shane Gill, has used about \$800,000 of debtor finance as well as his own money to help the business win contract work worth \$7 million.

Mr Gill says debtor finance has taken huge pressure off his company because it has provided the financial backing that allowed him to pay wages and other costs while he looked for contract work. "We need to pay our people as they work but we don't invoice a client until the work is completed and that presents a real cash-flow challenge".

It was Mr Gill's accountant who advised him to look at debtor finance and recommended Benchmark Debtor Finance. "As quick as I can grow, they come with me", Mr Gill said.

The number of businesses using debtor finance (also known as cash-flow finance) is growing rapidly, driven by the buoyant economy and the increasing popularity of this technique. Under these arrangements, the business sends its unpaid invoices to the financier who immediately pays cash equivalent to 80% of their face value (the industry-accepted norm). The SME pays back the financier, less a finance fee, when it collects the debt.

For more information contact Gavin on 9499 7444



Audit Protection Service

The Australian Tax Office (ATO) continues to announce significant increases in their audit activity. The ATO website reveals the following;

- They will send letters to 37,000 businesses that report amounts in their activity statements outside the norm, asking them to review the reported figures and ensure they are correct.
- They will audit 9,200 businesses, including those in high cash industries to review whether their yield on inputs and return correspond to reported income.
- They will target Self Managed Superannuation Funds, ensuring they comply with their obligations regarding in-house asset rules, the acquisition of assets from related parties, the personal use of fund assets and fund ownership of assets.
- ATO data-matching work with state revenue offices helps them identify people who may not be declaring all rental income from investment properties.

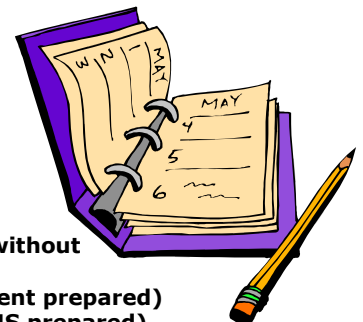
They have looked closely at work-related expense claims made in 2004-05 tax returns. To date they have conducted over 4,500 audits resulting in over \$12.5 million in additional revenue.

Unfortunately, the instigation of a random audit or investigation by the ATO, or indeed any Federal or State revenue agency, **will result in costs to you**. Even if there are no adjustments to the return, there would still be costs associated in the preparation of material for the ATO, or the agency involved, and the managing of the response process.

To assist you to protect yourself against these unplanned costs, you will shortly receive an offer to participate in our practice Audit Protection Service. Some of you are already participating and have enjoyed the benefit afforded by this service.

Please note, this cover extends to **any** query received from a relevant authority, including all ATO returns and state based returns such as WorkCover and Payroll Tax. Our Audit Protection Service is an affordable way of protecting yourself, and your business, from the potential costs that may be incurred during the process of responding to an audit.

For more information, give Jill Roberts a call on 9499 7444



Some important dates for your diary....

- 21/10/06 - Annual PAYG instalment notice: final date for payment
- 28/10/06 - Final date for payment of the September quarter super contributions without penalties
- 28/10/06 - ATO lodgement & payment date for September quarter BAS/IAS (if client prepared)
- 11/11/06 - ATO lodgement & payment date for September quarter BAS/IAS (if GNS prepared)
- 21/11/06 - Lodgement and payment of October 2006 PAYG withholding tax
- 21/12/06 - Lodgement and payment of November 2006 PAYG withholding tax

Please note: The GNS office will close for the Christmas & New Year holidays on 22nd December and reopen on Monday January 8th 2007.

GNS Group

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