



HCG Newsletter

SEPTEMBER 2013



THE BEST OF TIMES

"It was the best of times, it was the worst of times...it was the spring of hope, it was the winter of despair..."

The opening lines from Charles Dickens' A Tale of Two Cities are, an appropriate descriptor for what's been unfolding in businesses over the past few years.

Having experienced this same "two speed" economy with our clients in many types and sizes of business, what's been fascinating is seeing how different people respond to what is around them. Our beliefs dictate our behaviours, which directly - and often unconsciously - dictate the choices we make. So, with apologies to Mr. Dickens, here is a live and actual 'tale of two companies' experiencing the best and worst of times...



Meet Andrew and Steve. Both run their own businesses. They are located at opposite ends of town. Both companies manufacture similar products, service similar markets and use the same manufacturing process (both factories have pretty much the same gear). Turnover for both businesses has historically been similar.

Of late, Steve's business is experiencing an upturn while Andrew's is spiralling down.

Andrew believes the financial issues he is faced with are a result of a downturn in the economy and the blame rests with the government. He is seriously considering "off-shoring" manufacturing to a less 'compliance orientated' country that can support cheap labour.

He has taken his focus off the core business and has a scatter-gun approach to new ideas and products. He has incredibly great ideas but they never get to commercialisation stage. There are literally millions of dollars' worth of ideas and opportunity lying around the factory floor. He's also decided to reign in his spending on the core business while he waits for things to improve.

With the 'government,' 'economy' and competition ruling his beliefs around his business, there is lots of drama and little energy left to invest on what matters most- getting his core assets working for him. And like the character in Dr Seuss' Oh The Places You'll Go, he sits in "the Waiting Place" – a "most useless place," waiting for something to happen. Andrew literally lives in the 'worst of times.'



Across town, Steve is experiencing the 'best of times.' He has remained focused on his clients, service and core assets. His belief - that investing in the future by leveraging the skills and knowledge held in the business - is paying off. Yes, the economy is what it is, and other environmental factors have an influence, but Steve stays focused on his strategy, and on how he invests his time, energy and money.

He has identified 1-2 product extensions that can take him into new markets across Australia. He has attracted JV partners who are keen to partner in his growth, and who can add value to his new services. Steve is leveraging his skills, knowledge and relationships to build a robust business across the country. He isn't waiting for anyone or anything!

The differences between both owners is clear. Andrew is unfocused and reacts to whatever goes on; choosing to blame others and abrogate his responsibility in order to delay and avoid the tough choices he needs to make. Steve chooses to hear the 'noise' for what it is, preferring instead to focus on his plan and what really matters. He fundamentally understands that whatever choice he makes "starts with me." He believes in himself and his team. He is constantly investing and reinvesting in his business, his staff and his knowledge. *With thanks to AtusQ (executive leadership and coaching company)*

LOSING IT! HOW TO MAKE THE MOST OF YOUR LOSSES

No one in business likes a loss at the end of the financial year. Most of us have grown up on the mantra 'brackets are bad.' Recent changes however might soften the blow by giving you access to a cash refund from the Australian Tax Office (ATO).



Australia might have been a shining economic light in the global community maintaining an average growth rate of around 3% during the financial crisis, but for many businesses the resource boom boosted GDP headline was hiding a different picture.

This year has seen a record number of business bankruptcies and a higher than usual level of debtors reaching a business related debt agreement.

For others, the brackets around the bottom line number are a result of high growth. Whatever the reason for the loss, new rules offer a way for many businesses to offset tax they have paid in previous years against current year losses. In effect, you can carry-back your losses.

How do the loss carry-back rules work?

Prior to the introduction of the loss carry-back rules, companies could only carry forward their tax losses to deduct against taxable profits made in future income years, subject to meeting a few tests. The new rules give companies the ability to choose to carry-back up to \$1m of certain tax losses rather than carrying them forward (limited to the company's franking account balance for that year).

In most cases, the rules apply when a company carries-back a tax loss that is made in the current income year.

From the 2014 income year onwards, losses can be claimed against tax liabilities of either of the two previous income years. However, in the 2013 income year it will only be possible to claim current year losses against the company's tax liability for the 2012 income year.



So, if your company is likely to be in a loss position for the 2013 income year and paid tax in the 2012 income year, we

encourage you to send in your tax return information as soon as possible as the company may be entitled to a cash refund from the ATO.

GONE PHISHING – TOP SCAMS

Every year, thousands of people are caught by scams. A recent Australian Competition & Consumer Commission report stated that in 2012, Australians reported losing over \$93m – that's just the people who reported the scam.



From the ATO

The ATO has issued a warning about a new phishing email scam.

Pretending to be from the ATO, the email claims that the recipient is entitled to a tax refund and states they should click the embedded link and complete the online form. The link however takes users to a fake webpage that attempts to obtain your tax file number.

The ATO will never email you asking for personal or credit card details. This latest scam is just one of many. In another scam, an email purporting to be from the ATO asks the recipient to complete a form attached to the email to receive a tax refund. If opened, the attached zip file releases a virus.

Not the Yellow Pages

An old scam has resurfaced recently asking business operators to confirm

Yellow Page Australia (notice it's not Yellow Pages) and Open Business Directory listings.

What appears to be a confirmation of contact details from Sensis Yellow Pages is actually an agreement to sign up to the directory for \$99 per month for a minimum of 2 years.

In 2011, the Federal Court imposed penalties totalling \$2.7m on two overseas companies, Yellow Page Marketing and Yellow Publishing Limited for misleading thousands of businesses into thinking they were dealing with real Sensis Yellow Pages.

Money mules – fake jobs and romance

Money mules are middlemen for stolen funds and usually receive a small commission on the transferred funds. They receive the funds into their account and then transfer them to another account.

Money mules are generally recruited through job advertisements offering quick commissions, or through romance scams where singles are asked to receive money with the promise of romance.

Not your bank

A phone call from the Australian Bankers Association might be following through to refund overcharged bank fees or completing a customer satisfaction survey.

Both are scams starting with a few basic questions before delving into collect your personal information.

QUARTERLY SUPER - IMPORTANT

Don't forget, before you complete your quarterly reporting and payments for your team's superannuation guarantee (SG) contributions, make sure you have included the increase in SG to 9.25% from 1 July 2013. Plus, if you have any team members aged 70 and over, eligible employees should now receive SG as well.

SOCIAL MEDIA AND WILLS

Ensure your online presence is managed appropriately after death. These days most people of every age have a significant online presence. Many of these we would consider to be assets or at least important business or personal records.





These may consist of email records, or social media accounts, online storage of photos and records. We may also have important login security details for banks, credit cards or even Paypal and eBay accounts which may contain funds of a significant value. Most of these do not have an expiry date.


The question of who should have access to these is of particular importance in the context of estate planning and management.

Dealing with digital assets may not be as simple as leaving login details with a third party. Sensitive information left in the wrong hands could lead to disastrous consequences.

When making a will you should consider:

-  Making a record of user names and passwords to each account, including answers to any security questions (ideally this should be kept separately from your will);

-  Giving your executors access to some of all of your digital assets which refer to where the full list and password information can be found; and

-  How you want your digital assets to be dealt with, for example, whether you want family members reading your personal emails or accessing other personal information, or simply deleting all online accounts.

See your solicitor about making or changing your will now and talk to us about software options which will allow you to store securely your digital assets.

NUTRITION KICK START AND OUR TOP RECOMMENDATIONS



At HCG we try to adjust what we eat as this has a profound effect on how we feel, how we look and how we live.

Nutrition really is quite easy to get right. The thing that most people have wrong is their nutrition knowledge. The reason for this is because most people get their nutrition knowledge from TV commercials.



Commercials made by companies whom have a vested interest in the outcome of the commercial and not necessarily the whole truth.

Our bodies require only whole foods. A whole food is a food that is in its natural

state and has not been processed, refined or damaged. Food such as meat, vegetables, fruit and nuts.

Paul Chek's book *How To Eat Move And Be Healthy* goes into a great deal of detail on nutrition, how it affects us, how it affects the earth and what food companies do not want you to know.

Our nutrition, fitness and wellbeing consultant *Lachlan Ainsworth* from *Balansera Health & Wellbeing* has encouraged us to read the book and study the nutrition section thoroughly as it will have a profound effect on our health.





Lachlan's top 9 recommendations for immediate action are:

📌 Eat whole foods only, including meat, vegetables, fruit and nuts.

📌 Keep a diary of every bit of food or liquid that goes into your mouth and notice feelings such as bloating, tiredness, cramps etc.

📌 Eat organic as much as possible! By eating organically you will increase your nutrient intake and reduce toxins which enter your body.

📌 Cut out all sugar! Period.

📌 Reduce the amount of grains in your diet. Notice how you feel after not eating them as much.

📌 Drink water only! Fresh fruit juice is an exception but it must be fresh and not in a bottle in the supermarket! Do not overload on juice as fruit has high fructose levels.

📌 Eat breakfast everyday. Prepare meals

for the next day so you know what you are having. It makes it so easy because you are not likely to over eat, and you will eat the correct food which is in line with your goals.

📌 Reduce alcohol to zero. Alcohol majorly disrupts digestion. Especially the stomach swelling wheat bomb that is beer. Alcohol is also empty calories! You get no nutritional value but are collecting the calories.

📌 Eat more eggs! They are a complete food and great source of protein. Please make sure they are free range at the least. Caged chickens are treated inhumanely and produce inferior quality eggs because of their stress level. The egg is only as good as the chicken it comes from.

📌 'Natural whole foods create and sustain life. Processed, modified, dead 'foods' destroy it.'

Most of the time we are good at following Lachlan's advice however, we love the 80/20 rule and allow ourselves indulgence.

At HCG we have many talents and have recently discovered that we have our own Master chef - Jessica Peaches. Her specialty is baking cakes and sweets. We taste various recipes every week and she always scores high marks. We wish to share with our readers the recipe for one of the team's favourite tarts.






Jessica's Scrumptious Strawberry Shortcake



Ingredients

250g Butter, softened
1 teaspoon grated lemon rind
1 tablespoon lemon juice
½ cup caster sugar
1/3 cup rice flour
1 cup self-raising flour
1 1/3 cups plain flour
250g punnet strawberries (halved)
½ cup strawberry jam

Method

-  Lightly grease 26cm recessed flan tin
-  Beat butter, rind, lemon juice and sugar in a small bowl with electric mixer until creamy. Stir in sifted flours in 2 batches. Press ingredients together gently, knead lightly until smooth.
-  Press dough evenly into prepared pan. Bake in moderate oven about 20 minutes or until lightly browned; cool in tin.
-  Turn shortcake out onto serving plate, decorate with strawberries. Warm jam in a small pan; strain, brush evenly over berries.
-  Store: covered, in refrigerator

The material and contents provided in this publication are informative in nature only. It is not intended to be advice and you should not act specifically on the basis of this information alone. If expert assistance is required, professional advice should be obtained. We welcome you to contact our friendly team if you have any questions.

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