

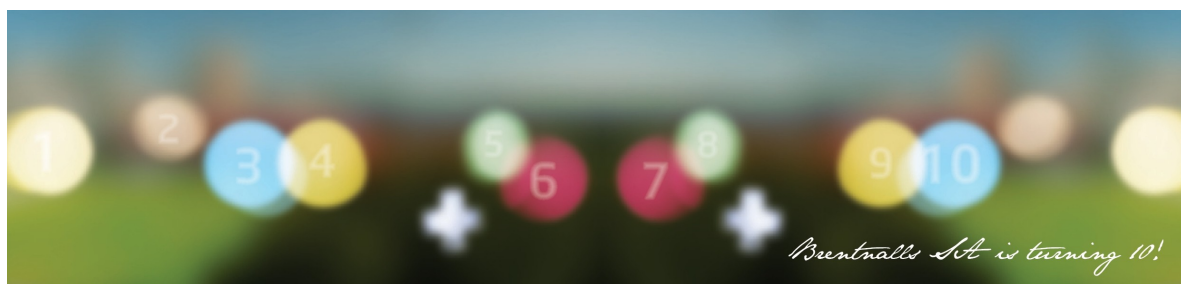
Considered Value

Issue 57 – November 2010



Brentnalls SA

Chartered Accountants
and Advisors



Brentnalls SA is turning 10

The firm was founded in November 2000 by John Crouch and Craig Farrow. Rick Albertini and Karen Nyberg were also appointed as foundation Associates.

Commencing with new premises at 255 Port Road Hindmarsh, 18 team members joined them and the firm adopted the name Brentnalls SA.

The name Brentnalls SA was adopted recognising our foundation commitment to the Brentnalls National Affiliation which we had been instrumental in the establishment of, and as a clear commitment to the adoption of the firm identity being about the whole team, not about individuals.

The Brentnalls name was chosen as a result of recognising Thomas Brentnall. Thomas Brentnall (1840 - 1937) was the inaugural President of the Institute of Chartered Accountants in Australia.

Growth was evident from early on, and Rick Albertini and Karen Nyberg, being foundation Associates, joined the partnership in July 2003, with Sharon Lloyd being appointed as Associate at the same time, subsequently being joined by Shali Manolev, Renee Feltrin, Matthew Holden, Aimee Campbell and Gavin Mitchell.

In 2008 we established the Self Managed Super Fund Division which is headed up by Karen Nyberg and Nadine Hill. This initiative has enabled us to focus on providing value added, and tailored advice in the area of superannuation and Self Managed Super Funds.

10 years on the firm has effectively tripled in size and has clearly established a reputation of quality work, pro-active client orientated service and 'can do' attitude.

With a total team base nudging 50 and having recently expanded premises occupancy, the partners continue to have confidence in the future of the practice.

We were the first Accounting Practice in Australia to gain a Financial Services Licence under the new AFSL provisions and free of any tie to fund managers or insurers - Brentnalls SA Advisors Pty Ltd.

Importantly, we take this opportunity to sincerely thank our valued clients for their continued loyalty and support.

We would also like to thank our team who have made such a positive contribution to the firm, as well as our fellow business and professional colleagues who have all joined us on this journey.

We look forward to a positive future proactively working with our clients, team members and colleagues.



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What happens to your super when you die

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Brentnalls SA News



What happens to your super when you die?

We all spend our working lives trying to get the most into superannuation to save for our retirement and enjoy the tax concessions superannuation provides, but we often forget to consider what happens to our superannuation when we die. More specifically, the tax consequences when we die.

There are three main issues to consider when talking about tax consequences for superannuation on death.

- Non-dependants receiving superannuation proceeds.
- Taxed elements held in the superannuation fund; and
- Capital Gains Tax

Non-dependants include your adult children who are no longer financially dependent on you. If a non-dependent receives superannuation proceeds the taxed element of those proceeds are taxed at 15%.

Your superannuation balance generally includes two components, taxed and tax free. The taxed element includes amounts you have claimed a tax deduction for as a superannuation contribution and the earnings in the fund while in accumulation phase. The tax free element includes contributions which you have not claimed a tax deduction for.

When the last member of a superannuation fund dies the fund will revert back to accumulation phase. This means that assets which have experienced capital growth in the fund will be subject to Capital Gains Tax on disposal.



These issues can be highlighted in the following basic example.

Mum and dad have their own self managed superannuation fund. (as detailed in the table below) They have transferred the family farm into the fund and have also invested their contributions over the years into listed securities. Dad has subsequently passed away leaving his balance to mum. What happens to mum's superannuation when she dies and the proceeds are to go to their adult children?

In this scenario there would be a capital gain of \$750,000 and tax to pay of \$112,500. When the taxed element of the fund is paid to the children there will be tax payable of \$75,000. Total tax payable in this scenario would be \$187,500.

Can this tax be avoided? Potentially yes, at least in part. Strategies such as withdrawal and re contributions, power of attorney and testamentary trusts can all assist lowering that tax payable.

If you would like to know more about these strategies for your superannuation please feel free to contact our office for an appointment.

Quote:

"The road to success is always under construction".

Lily Tomlin

FUND DETAILS - MUM & DAD

Assets of the fund	Cost	Market Value
Land	\$1,000,000	\$1,500,000
Listed Securities	\$250,000	\$500,000
Total	\$1,250,000	\$2,000,000

Components of the land

Taxed Element	\$500,000
Tax Free Element	\$1,500,000
Total	\$2,000,000

Business Systems Health Check

Have you conducted a health check of your reporting, accounting and business systems recently?

Regularly reviewing your business systems can ensure that they aren't costing you valuable time and money.

For example, in the area of GST which can involve reporting on a large and voluminous number of transactions, incorrect GST reporting can be common when the systems in use for capturing and recording information are inadequate, or fail because they do not receive attention for a long period of time.

Payroll reporting, which include processing and reporting on employees net pay, PAYG withholding, superannuation, workcover and payroll tax, may present similar concerns.

Our experience tells us that small to medium enterprises particularly at risk include those that are -

- growing rapidly,
- restructuring,
- installing new accounting software, and
- experiencing a change in staff involved in the finance function.

There are many benefits for your business in reviewing your systems which may include -

- better cash flow management,
- more accurate GST reporting,
- better management of the payroll function,
- confidence that one-off transactions are being managed effectively,
- less errors and downtime with staff or system changeover,
- offering greater certainty if you are growing or restructuring your business, and
- confidence that your systems aren't costing you time and money.

To improve the health of your business systems here are a few suggestions -

- Ensure written procedures and checklists are in place,



This month Brentnalls SA is supporting Legacy

- Supply regular training and ensure support mechanisms are in place for your staff, and
- Conduct regular internal reviews of your systems.

Good systems help you to avoid or find errors before they come back to hurt your business.

A healthy system can give you more control over your business, for assistance with reviewing your systems please do not hesitate to give our office a call.

Twitter– a real time information network

Businesses and organisations of all shapes and sizes are now able to stay connected to their customers via Twitter.

It can be used to quickly share information with people interested in your company, gather real-time market intelligence and feedback, and build relationships with customers, partners and other people who care about your business.

Customers can use Twitter to tell a company (or anyone else) that they've had a great—or disappointing—experience with your business, offer product ideas, and learn about great offers they've selected to be notified of.

Sourced from www.twitter.com



“And/or Nominees” Contracts

For sales contracts it is common for purchasers to use an “and/or nominee” clause.

Usually this is carried out to give the purchaser the opportunity to seek advice regarding the appropriate structure to own the investment, having regard to the asset protection, succession planning and taxation considerations.

Note that in each state, there must be care taken to ensure the transactions is not subject to double stamp duty.

In South Australia, for example, there are two key requirements which generally must be satisfied -

- Firstly, that the “nominee” must actually exist at the time that the contract is signed, and
- Secondly, a written nomination from the nominee must be held by the person signing the contract at the time the contract is signed.

One of the common misconceptions is that a Trust can be established after a contract has been signed. This is not the case.

If the nominee does not exist at the time of signing, a change to the purchaser of the contract will be an assignment of the original contract. If only a deposit has been paid stamp duty will be levied on the amount of the deposit at ad valorem rates.



Brentnalls SA

Chartered Accountants
and Advisors

Partners

John Crouch Craig Farrow
Rick Albertini Karen Nyberg

Associates

Sharon Lloyd Shali Manolev
Renee Feltrin Matt Holden
Aimee Campbell Gavin Mitchell

Brentnalls SA Advisors Pty Ltd

Australian Financial Services Licence Number 264083

Directors

John Crouch Craig Farrow
Rick Albertini Karen Nyberg

255 Port Road
PO Box 174
HINDMARSH SA 5007
Tel: 08 8241 8444
Fax: 08 8241 8488
Email: admin@brentnalls-sa.com.au

We welcome the opportunity to assist you and discuss any matters in our newsletter

Should you wish to receive our Newsletter electronically, please E-mail us with 'Newsletter' in the Subject line.

Disclaimer

The information provided in this newsletter does not constitute advice. The information is of a general nature only and does not take into account your individual objectives, financial situation or needs. It should not be used, relied upon, or treated as a substitute for specific professional advice. We recommend that you contact Brentnalls SA before making any decision to discuss your particular requirements or circumstances. Brentnalls is not a partnership or a joint venture. Instead, the business of Brentnalls SA is independently owned and operated and it is an independent member of the Brentnalls Affiliation of Accounting Firms. Individual member firms do not accept responsibility or liability for the actions or inactions of any other individual member firm.

Client News

Congratulations to **Professor Barbara Pocock**, for her recognition in this year's Queen's Birthday Honours for her service to industrial relations as an academic and researcher, particularly in the areas of employment, gender relations, vocational education and as an advocate for social justice. Barbara is the Director of the University of SA's Centre for Work + Life, and has been researching work, employment and industrial relations since 1981 and has made a significant contribution to research into work, family and community.

Congratulations to **Williams Laser Cutting & Fabrication** for being recognised as one of the Top 20 SME's for its contribution to the SA Defence Industry. Based at its Port Adelaide premises for almost 65 years, the business utilises state of the art equipment and practices to offer a variety of light engineering services.

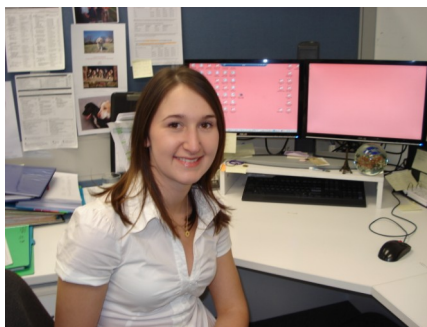
Meet Emma Punke

Hi, my name is Emma Punke and I am an accountant in Craig Farrow's team.

I graduated from Flinders University in 2008 and have been working at Brentnalls SA for almost 3 years. I am part way through the CA program with a view to completing in 2011.

I recently purchased my first house and spend most free weekends renovating the inside and landscaping the garden.

In my spare time I enjoy catching up with friends, shopping and spending time with family.



Happy Birthday Brentnalls SA



Brentnalls SA News

We would like to congratulate Linda Fidge for being awarded the Chartered Accountants Program Regional Candidate of the Year for SA 2009/2010.

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This is a significant achievement and follows the history of Craig Farrow, Sally McGowan and Shannon Tyrrell in peak performance in the CA Program over the years.

We congratulate: Rick Albertini, Shali Manolev, Sharon Lloyd and Brenda Guthleben on 10 years service and Matthew Holden, Shannon Tyrrell and Leanne Schutz on 5 years service.

Congratulations to Jake Potter and Cass Jones on their engagement. We wish them all the best.

Congratulations to Lesley Forrest on the birth of her grandson Angus.

Congratulations to Craig Farrow on his appointment as Chairman of Australian Independent Rural Retailers (AIRR). Craig was involved intimately with the initial fund raising some years ago and has been a board adviser ever since. Established approximately 5 years ago, AIRR now has offices throughout Australia and annual turnover of approximately \$250m. Last week AIRR was recognised as a BRW Fast 100 Company for 2010