

GRAYPE VINE NEWSLETTER

June 2004—Olympic Edition

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Please Note: Many of the comments in this publication are general in nature and anyone intending to apply the information to practical circumstances should seek professional advice to independently verify their interpretation and the information's applicability to their particular circumstances.



KEEPING THE FLAME ALIVE

A message from Michael Gray



2004 is the year of the Athens Olympics. We have taken the Olympics as our Graype Vine theme to draw on two vital issues to business and families alike. Survival of a vision over time and triumph of a team spirit.

Business vision is a crucial issue for all business from small to large. It sets out who you are to the market place.

A clear vision provides the base from which your financial future is determined. It also helps determine your strategy and the resources required to make the vision a reality.

The key in today's economic climate is to have a vision that is able to accommodate change over the next 5-10 years.

Our message: spend the time to determine a sustainable vision that will last an Olympic lifetime.

Team spirit is an Olympic winner. It is the development of a group of people with a common focus, a clear understanding of the role each individual plays and importantly is underpinned with a set of core values. Trust, honesty, open communication creates a team.

Our message: successful use of property, machinery, information technology and people for financial and lifestyle gain will be maximised with a true team spirit.

PASSING THE BATON



Keys to Succession

Planning within Family Business

South Australia is entering a period of great change in family business. A generational hand over of the baton.

Family business is crucial to SA and is the subject of much discussion and debate. Studies suggest it represents 80% of all business organisations. Our own client base is heavily family based and we are very aware of the problems that family businesses face.

We are now advising the 3rd generation of some family business clients.

The key to successfully negotiating the family business both at an operational level and a succession level is planning.

A typical business should have a business plan detailing vision, marketing and financial outcomes. A family business needs an additional plan - a family plan detailing the specifics of family

member roles, remuneration, executive and non-executive positions, ownership by non-family members and procedures for dealing with divorce, termination and other family issues.

This document is the family constitution and provides a framework to avoid ugly confrontation.

Regular family meetings are the key to its success.

Finally a succession plan documents the future exit and entry of family members through the generations. It needs to take account of money, status, skill and a growing list of family members through the generations.

Our experience allows us a unique insight into the family business. We are keen to help.



MOVERS and SHAKERS

Believe it or not, the dark dowdy suits are being discarded in favour of a back pack and a pair of hiking boots!

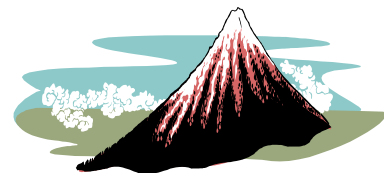
Emily has recently returned from a trip to the U.K. finishing in a good old Irish Pub Crawl, to be sure.

Glen is hoping to conquer Mt Kilimanjaro in June and Lynne is departing for Europe to escape the winter doldrums.

In July, Michael Gray juggles business and backpacking in China and Michael Ng and his wife Sue head to Thailand and Malaysia.

The annual DFK Australia Conference was held in Perth from May 19th – 22nd with representatives from all States (also New Zealand, Hong Kong, Singapore and UK).

Jim Perry and Michael Gray attended



Our Passing of the Baton

Frank Robinson has been an Employee and Partner with Gray Perry-DFK for almost 25 years.

Good accountants never retire they become consultants to the firm, and being an excellent accountant Frank will become a consultant and cease to be a partner from 1st July 2004.

Frank will continue to be available to clients and the Gray Perry-DFK team with his fountain of knowledge and humour for many years to come.

We are excited to announce a new Partner from 1st July 2004.

Brendon Skates has been a strong member of Gray Perry-DFK for 5 years. His analytical skills and his grasp of IT are key assets to the team and we welcome Brendon to the Partnership





Going for Gold

Focus on your future and
Achieve your goals

There has never been a better time to review your business. New software packages are constantly being released which enable skilled professionals to review cash flow, profit and investment return.

Cash flow is the lifeblood of your business and a strong understanding of the amount required to survive and grow is essential.

Our **Optimist** software is able to clearly show how you have used cash, the cash cost of further growth and explore ways to improve future cash flow.

Profit is the ultimate goal and represents the successful use of resources in providing a willing market place goods and services.

The **Optimist** software can compare profit results and explore changes in price, quantity and activity for future profit improvement.

Return on Investment. Your business represents an investment and a focus on the successful return on your investment or a crucial exercise. Business is a high risk undertaking and we believe it is important to achieve a return for this risk.

Using software we are able to consider changes to improve your return.

Budgets

Look to the future. Is it possible to consider your cash flow, your profit and your investment together? Yes, our **Win Forecast** software provides the tool to crystal ball gaze.

Please enquire about the products that 'Go for Gold'

Professional Development

A note on our professional quality assurance in the 21st Century.

International, national and local professional bodies require us to be operating at the highest quality level.

This means our team must be constantly undertaking professional development. It takes the form of regular PD sessions on the vast array of tax, audit and business updates. At all times we have some of the team undertaking formal training at Tafe, University, Professional Bodies.

Our internal knowledge base is internet driven and linked to the ATO, ASIC and library resources for research.

Our membership with DFK provides further quality input and the highest benchmarks.

We are training for our Olympic Gold



Case Study

DFK Who ???

Have you ever wondered what the "DFK" part of Gray Perry means?

Going back to our origin (40 years ago) there was no "DFK" in our name. We enjoyed an excellent reputation amongst the business community of South Australia, but our influence extended no further.

As we all know, times change, and without a 'vision' it is easy to get left behind. As technology gets faster, the world becomes smaller and the needs of clients extend far beyond local boundaries.

Enter DFK International.

DFK International is represented in 72 countries, and we are now one of over 180 individual Member Firms. As such, we collectively have a 'gold-mine' of expertise which is shared globally amongst all members.

Here is a classic example from our Sydney member: "A client was taking up equity in a Chinese company. He needed to know the Chinese legal implications and the risks, of his status as a shareholder in such a company. The Hong Kong office was contacted. They provided the legal requirements and an analysis of the impact such a move would have on our client. The client was pleased that he could be assisted quickly from a trusted professional source who understood his needs.

It's exiting. It's reassuring. It's global. But the vision has to come first!

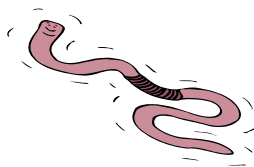


Terrorist Alert!

With technology becoming an integral part of everyday life it is vital that we take steps to protect that technology from damage, be it malicious or otherwise.

Here are some security tips:

- Use Anti-virus software and keep it up to date
- Don't open e-mail from unknown sources. E-mail is the most common method of spreading viruses. If you don't know who sent it to you don't open it.
- Use hard to guess passwords – at a minimum passwords should be alpha numeric.
- Use a firewall – firewalls create a protective wall between your computer and the Internet by filtering out unauthorised access.
- Disconnect from the Internet when not using it – the Internet is a two-way road. You send and receive information on it.
- **Back Up, Back Up, Back Up** – and do it regularly. Think of the consequences if your computer fails and you have no backup.
- Regularly check for program patches and updates – these updates often remedy security weaknesses.
- Make sure you and your employees know what to do if your computer gets a virus.



Superannuation Co-contribution

The co-contribution offer from the Government is almost too good to ignore. Subject to an income test, individuals will receive a government co-contribution which will match their own Super contribution on a dollar for dollar basis from 1st July 2003 up to 30th June 2004. (This will increase to \$1.50 for every dollar from 1st July 2004)

The maximum co-contribution is \$1,000 which will apply to incomes up to \$27,500. If your income exceeds \$27,500, the co-contribution reduces by 8 cents for every dollar of additional income and cuts out at \$40,000. Income will include reportable fringe benefits. Self employed do not qualify for this, it is only available to those who are currently entitled to employer contributions as an employee.

What you need to do

We strongly recommend that any client with income below \$27,500 (and those just over \$27,500 up to the threshold of \$40,000) make an after tax contribution into superannuation. You do not need to do anything else, the Super Fund will report your contribution and the ATO will match this with your income records.



Who Prepares your BAS?

If you are paying a self-employed book-keeper to prepare your BAS, you need to be aware of the legal restrictions.

A person who is not a tax agent or who is not eligible for an exemption can be fined up to \$22,000 for a breach of this law.

Under the exemption, book-keepers may charge for the provision of BAS services if they are:

- ♦ A member of a professional association (as defined under 251LA)
- ♦ Working under the direction of a registered tax agent, or
- ♦ A payroll services provider preparing a BAS only for PAYG withholding obligations

If you are unsure of the implications for your business, please give us a call to discuss the matter further.

