



esdalesinclair & ASSOCIATES
...your local finance specialists

Esdale Sinclair and Associates Quarterly Newsletter June 2015

Welcome to our June Newsletter

Beef 2015 is now behind us and the event hailed a huge success with over 700 international Delegates and close to 100,000 people through the gates over the week. With Interest rates at an all-time low we are offering a free no obligation “Business Health Check”, recently we were able to save a client \$140,000 a year in Interest costs alone by renegotiating his Lending with his existing Bank. This is just one of a number of similar cases....generally if you are paying more than 5% at present you are probably paying too much it's well worth a check and our “ Business Health Check” also includes a review of your Insurances (we have also saved clients considerable amounts on their Comprehensive Insurance Package) and Financial Planning requirements.

In this quarter's newsletter we examine the options available through us if you are purchasing a motor vehicle. This includes our access to an independent car buying service. We take a closer look at the RBA's June Interest rate announcement and provide details of the \$20,000 asset write off for eligible small businesses and finally we take a look at what options we have available if you are considering importing equipment.

As the financial year end is nearly upon us if we can assist with any of your finance requirements leading up to the end of the financial year please give us a call. We can arrange finance for:

- Equipment and Motor Vehicles
- Insurance Premiums
- Cash Flow Requirements (Debtor Financing)
- Commercial Property purchases
- Residential and Investment Loans
- Imported Equipment

- Banking requirements

Enjoy the read!

Lease a Bull ventured out during Beef week!



Spotted at Beef week was "Lease a Bull" looking refreshed after a makeover. Luckily "Lease a Bull" made it back to the office safely! We still have our competition running from Beef Week. Don't forget to Like us on Facebook with you chance to win a Fridge, Generator and Solar Pack. Simply click on the Facebook Logo below.

You can also now connect with us via social media



Looking to purchase a car? – We can assist through our car buying service and competitive finance options.

We can now provide competitive pricing on the purchase of a new car through access to an independent car buying service. The good news is that there is no charge for this service that provides unbiased advice and has access to a comprehensive dealer network.

It is as easy as providing us with the vehicle details as follows:

- Make and model,
- fuel type (petrol or diesel),
- transmission type (auto or manual), and
- colour preference and details of any accessories together with details of your trade in (if applicable).

We have been able to generally help clients locate a vehicle that matches their requirements and in most cases have been able to save our clients on the cost of the vehicle they are purchasing. It is as easy as giving us a call and we will organize the quote.

Dealer Interest rate offers

We typically see a lot of advertising leading up to the end of the financial year from dealers offering very low interest rates. What we find is that these types of arrangements will be for a set term with a set value at the end of the term.

What we recommend you consider with these arrangements?

- Does the term and end value suit the period that you normally change over your car?
- What happens if you want to change over your car before the end of the contract term? What are the exit fees and additional costs?
- Are you required to pay a deposit?
- What other fees and charges are payable?

Before you sign on the dotted line please give us a call as we can provide you with a comparison quote and discuss in more detail what is being offered to you.



Budget 2015 – Writing off assets for small businesses.

The Government announced that eligible small businesses could instantly write off assets with a value of less than \$20,000 from 7.30pm on the 12th May 2015. The proposed end date is the 30th June 2017.

It is important to note that this is not a handout by the Government. It may reduce the tax payable by a small business if they have a tax liability for the income year.

For example, say a purchase is made for \$10,000 by a company who is on an effective tax rate of 30%. In this case the company should be able to reduce their tax liability by \$3,000 from purchasing the asset in the year they purchase the asset. Of course, this assumes that tax was payable in the year to take advantage of the deduction.

Who is eligible?

'Small Business Entity' as defined by the tax office. Excluding GST Turnover of less than \$2M in the previous financial year, as well as estimated turnover of less than \$2M in the current financial year. If you subsequently go over the \$2M threshold by years end, the concession is lost and you have to depreciate the item under normal rules.

Businesses cannot create separate, smaller entities to access the concession as there are Grouping/Aggregation rules that cover this.

How is it proposed that the Asset Value will work?

Applies to New and Used Assets with a value less than \$20,000. The depreciation value of the asset generally excludes GST, but can include items like stamp duty which are normally added to the cost base of the asset.

What is excluded?

Some assets may be excluded, like Horticultural plants (grapevines), capital works to buildings and "In-House" software. There are different depreciation rules for these kinds of assets.

The above is based on the budget announcement and it is important to note that legislation to change the current asset write off legislation has not been passed. We recommend that you consult with your Accountant or Tax Adviser.

For further information you can also refer to budget.gov.au website below:

<http://www.budget.gov.au/2015-16/content/highlights/jobsandsmallbusiness.html>

Helping you with the finance

We can finance most assets with a value of \$5,000 or more. To find out whether the equipment you are looking to purchase can

be financed please give us a call.



Importing Equipment - What options are available?

- We are seeing an increase in the number of our clients importing equipment. In this article we provide information to assist if you are considering purchasing equipment that is being imported into Australia.

So how does it work?

The typical scenario is as follows:

- Customer locates an overseas supplier who can provide the equipment required
- The price is negotiated between the customer and the supplier and the supplier requests a deposit be paid to confirm the order. The deposit requested may be as much as 50% of the total cost with the balance payable on shipping.
- The Customer may consider using their overdraft to fund the deposit and pay this to the supplier with the plan to finance the Equipment when it arrives in Australia.

What are the potential pitfalls with the above?

The supplier

- The financial strength of the supplier may not be known – therefore if a deposit is paid what happens to the deposit if the equipment is not shipped or delivered?
- Is work required on the equipment when it arrives in Australia? Does it need to be commissioned in your premises? If payment has been made when it is

shipped will the supplier ensure the equipment is commissioned and working to your satisfaction?

- Can the supplier provide the equipment in a timely manner and have it operating when required at your premises?

How can we help?

We can provide a seamless approach to the import process from the order through to the financing of the equipment. This includes structuring the transaction with the supplier to provide additional protection against the potential pitfalls as indicated above and arranging the financing of the import (including any of the following being Letter of credit, Forward Exchange Contracts, Trade Finance and the conversion to the Equipment Finance product).

We can ensure that the purchase does not impede on your access to banking facilities as the security generally required is the Equipment that is being imported. We can also discuss the proposed structuring of the transaction around the payment of the deposit amount and progress payments to the supplier including withholding monies from the supplier (if commissioning is required).



Interest rates remain at historical lows.

The Reserve Bank has expanded on its decision to leave rates unchanged, expressing the board's decision to implement "accommodative" monetary policy.

In his official statement, RBA governor Glenn Stevens said low interest rates continue to "support borrowing and spending" and reflected on growth in lending to the housing market over recent months.

"Overall, the economy is likely to be operating with a

degree of spare capacity for some time yet,” Mr Stevens said.

“With very slow growth in labour costs, inflation is forecast to remain consistent with the target over the next one to two years, even with a lower exchange rate. In such circumstances, monetary policy needs to be accommodative.”

The central bank is working closely with regulators to “assess and contain” risks arising from the housing market, Mr Stevens added, acknowledging that “dwelling prices continue to rise strongly in Sydney” with more varied trends in other locations.

It appears that economists are split on whether rates will remain on hold, reduce or even rise with one economist speculating that rates will rise in February or March next year.

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