



esdalesinclair & ASSOCIATES
...your local finance specialists

Welcome to our Quarterly Newsletter.

Each quarter we will provide information that details the different products and services that we offer and provides informative articles that are both business and consumer related. We welcome your feedback and trust you find the newsletter useful.

In this edition we see how a large business like [GE had 50 Million reasons as to why they should have invested \\$7.40](#). You might have missed it but a [recent legislation](#) change requires us to request what can look like intrusive information from most of our customers. We explain how to fund a motor vehicle or equipment from a [Private seller](#) and take a look at the [No Financials](#) options now available. We cover the calls for an [Investment Allowance](#) and look at the strategic relationships that we have that are helping [rural producers](#). And finally on a lighter note we take a look at some [sports commentary slip ups!](#)

Until next quarter enjoy the read!

We provide a wide range of finance for:

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



Attention Rural Producers

We have recently entered into a strategic alliance with a number of affiliates associated with the Rural Industry namely Clearwaters Financial Planning, CIFS Insurance Brokers, Rural Co and StockCo this enables us to offer the complete “one stop” package for Rural Producers. Our Agribusiness Specialist Errol Bambrick in conjunction with the above can now assist with all aspects of Primary Production and is offering a free no obligation consultation for a complete review of Financial, Insurance & Planning requirements. He is able to offer both short term and long term livestock finance options purely against the cattle value whether it be for cattle already owned or for additional purchases.

This finance is purely against the value of the cattle with no requirement for a Mortgage over the property and is independent of existing Bank arrangements. Errol has just returned from a tour of Central/North West Queensland with John MacKenzie from Clearwaters Financial Planning visiting a number of clients and it is expected that this will become a regular feature with our affiliate partners. We are also looking to expand our service for Rural Producers to include another specialist Agribusiness consultant who will be able to provide assistance/advice on the production and marketing side of their business.



Bury your head in the sand with the Personal Property Securities Act at your peril – That was the case for General Electric!

In February 2016, a NSW court decision confirmed the view that registering your Assets on the [Personal Properties Securities Register](#) (“PPSR”) is more important than ever. The court case related to an action against General Electric international Inc. (“GE”) that leased four mobile gas turbines on a two year agreement to Forge Group Power Pty Ltd. Shortly after the turbines were installed Forge Group Power

appointed Voluntary Administrators and subsequently went into Liquidation. The Receiver on behalf of Forge's Creditors sought ownership of GE's equipment.

So how did the Receiver have a claim against GE that owned the equipment?

Under the Personal Properties Securities Act possession is now almost "10/10^{ths} of the law". Because GE had not registered their interest on the PPSR GE have learnt an expensive lesson, particularly when you consider it would have cost them \$7.40 at the time (now \$6.80) to perform the necessary PPSR registration.

The moral of the story is whether you sell goods on credit under a Retention of Title clause or are in the business of hiring out your assets like GE, the PPSA equally applies and leaves little room for mistakes.

If you want to know more about the PPSA and the PPSR please contact us. We will be happy to assist. You can also contact one of the team at EDX Australia who specialize in PPSR registration.



Legislation Update - Why we are asking for more information?

Recent changes to the Anti Money Laundering and Counter Terrorism Act 2006 ('Act') has resulted in additional information being required from our customers.

So why are we being intrusive and asking for more information about you?

On the 1/6/2014 the above Act was amended to tighten what the Government considered were inadequacies in the

Legislation. Unfortunately whilst the majority of businesses and individuals comply with the Law the Government has imposed additional identification and compliance requirements on us and Financiers. Whilst the legislation was changed in 2014 the government body responsible being [AUSTRAC](#) advised that they would not prosecute entities that didn't comply with the Act until the 1/1/2016. This was to allow time for changes to systems and compliance to occur.

So what has changed?

Even if we have dealt with you in the past if you are company, partnership, or trust we now need to:

- Identify the beneficial owners. A beneficial owner is determined as a person or entity who owns 25% or more of the entity we are arranging the finance with. Up until this change we would only generally need to identify the directors and any guarantors however we are now required to identify the shareholders if they meet the above criteria or are deemed to have control of the entity.
- If you have a trust (and the majority of private companies do) you need to find the trust deed (that tends to sit in the cupboard collecting dust or is held at your Accountants or solicitor's office collecting dust). So what has changed – In the past if we needed the trust it was to ensure a clause was contained in the trust confirming the trust had the power to borrow for the purpose intended. The change is that we are now required to identify the settlor of the trust (only if the trust deed has a settled sum of \$10K or above). As the trust is a legal entity we also are required to identify the beneficiaries if they have more than 25% ownership in the trust. This is where the legislation has provided the most annoyance to our customers as every trust deed is different and beneficiaries can include children.

On last thing. We will need to now ask you if you are a “Politically Exposed Person” (“PEP”). Most customers look at us as if we are from another planet when they are asked this question. So what is a “PEP”? A PEP is an individual who is, or is an immediate family member or close associate of, a person who holds a prominent public position in a government body or international organization.

In summary

This legislation adds another level of additional information we need from you and we trust the above explains why we are requesting this. Of course we will assist you in attempting to make the process as easy as possible.



What is a Private sale?

We often receive enquiries on whether we can finance the purchase of a car or other equipment from a person who is not a dealer or supplier. The good news is we can with this known within our industry as a “private sale”.

When purchasing under this scenario the key items to consider:

- Can the person selling confirm they have legal title?
- Is the car or equipment under finance?

There are additional requirements with a private sale to confirm the above and we work with you on what is required.

Typically this includes:

- The seller producing evidence that they own the goods (such as the original invoice from a dealer or supplier) and confirmation of payment OR a payout letter from the financier if the asset is currently under finance

- The seller signing a Statutory Declaration that they are the owner of the goods (if required – generally only needed if the above evidence cannot be provided).
- A Certificate of Registration (if registered goods)
- If an individual seller a copy of their drivers licence (to enable the search to be undertaken on the PPSR)
- Confirmation of the seller’s bank account details for payment (eg copy of a deposit slip or top section of bank statement with transaction details removed)
- An inspection of the equipment by us or a representative for us.
- A search of the Personal Property Securities Register (“PPSR”) (insert link) that confirms the details of the goods and whether any encumbrance (such as finance is with a financier) exists (this is completed by us)

Whilst the above can look daunting the advantages of a private sale might be that you are able to negotiate a better price than what you could obtain from a dealer or supplier. Make sure you talk with us if you are wanting to finance a private sale.



A bit of fun – Sport Commentary Slip-ups

“Sure, there have been deaths in boxing – but none of them serious.” (Alan Minter)

“I owe a lot to my parents, especially my father and mother.” (Greg Norman)

“If history repeats itself, I should think we can expect the same thing again.” (Terry Venables)

“Strangely, in slow motion replay, the ball seems to hang in the air for even longer.” (David

Acfield)

“For those of you who are watching in black and white, the blue is behind the brown.” (Ted Lowe)



No Financials - Making it easier than ever to obtain Equipment and Vehicle Finance.

With our access to a wide variety of financiers and competition amongst them we have seen a rise in the number of financiers offering “No Financials” options for their products up to \$150,000. These products are designed to assist in obtaining finance quickly where:

- A business has been trading for 2 years (ABN registered for GST)
- The business and the owners of the business have a clear credit history
- The owners of the business own property or are paying off property (and have reasonable equity)

Initially introduced for cars the product now extends to a number of other asset types such as construction equipment, agricultural equipment, material handling equipment, trailers, buses, Rigid trucks e.g. tippers, concrete trucks and small light commercials.

What we do is ascertain with your enquiry whether the asset fits within one of these policies. If it does this reduces the turnaround time for you.



Does Australia need an Investment Allowance?

We believe that for businesses to commit to purchasing equipment a new investment allowance should be available to a business with a turnover of **less than \$5 million, to be indexed annually**. The investment allowance should have the following criteria:

- Additional 50% tax deduction available for capital purchases
- Eligible assets will be tangible and depreciable
- Commitment to invest must be made between certain dates
- Eligible assets must be installed and ready for use by a certain date
- Eligible assets must cost between \$1,000 and \$2,000,000 (excluding GST)
- Eligible assets may be new or used.

Previous investment allowances have applied to new (or demonstrator) plant, equipment and motor vehicles. However we believe any new allowance should apply to both new and used plant, equipment and motor vehicles, as used assets are usually purchased in Australia from Australian suppliers, which assists the Australian economy rather than offshore suppliers. An allowance that applies only to new assets could result in offshore purchases and could seriously disadvantage local second-hand sales.

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