



esdalesinclair & ASSOCIATES

...your local finance specialists

Welcome to our final newsletter for 2017, we are pleased to announce that Esdale Sinclair recently received an award from Plan Australia as their Commercial Broker of the Year, Queensland for 2017. We were proud to accept this award for the second time and thank our team and clients for your continued support.

One of the greatest compliments our clients and suppliers can pay our business is a referral of business and we do appreciate your ongoing support in referring anyone who you think might benefit from our services by contacting us on (07) 4922 7221.

Finally with Christmas fast approaching we wish you and your family all the best for a safe Christmas and happy New Year, our Office will be closed from 2pm on Friday 22nd December and reopening on Tuesday 2nd January 2018, if during this time you have any Urgent requirements please contact your Broker Account Manager on mobile.

In this edition of our Newsletter we take a look at:

- **WHAT COULD YOU DO WITH EXTRA MONEY IN YOUR BUSINESS IN THE LEAD UP TO CHRISTMAS? IF YOU'RE CONSIDERING IMPORTING EQUIPMENT FROM OVERSEAS WHAT ARE YOUR OPTIONS?**
- **DON'T LET SOMEONE TAKE OWNERSHIP OF YOUR EQUIPMENT**
- **WHAT ARE MARKET CONDITIONS LOOKING LIKE IN VARIOUS INDUSTRIES AND ASSET CLASSES**
- **AND FINALLY WE HAVE SOME FUN IN OUR REGULAR HORSEING AROUND SECTION**

Enjoy the read!



WHAT COULD YOU DO WITH EXTRA MONEY IN YOUR BUSINESS IN THE LEAD UP TO CHRISTMAS?

Some uses for extra cash over the Christmas and New Year Period!

- Provide an extra working cash flow buffer
- Enable purchasing of extra stock
- Staff hires OR
- Any other general business requirement

Key Advantages

- Property Finance security is not required.
- Terms from 6-12 months
- Loan size from as little as \$5,000- \$500,000
- Quick turnaround – Funds can be in your account in as little as 48 hours

Unsecured business loans are now available for any worthwhile business purpose and we have access to a number of funders that can assist.

Each Financier has different requirements and the good news is that we can provide options that are suited to your requirements rather than just a one size fits all approach from a single financier.

If you need to see if you qualify please give us a call.



IMPORTING EQUIPMENT FROM OVERSEAS - WHAT ARE YOUR OPTIONS?

Customers importing equipment direct from overseas has been increasing in recent years with the ability to be able to source goods directly from suppliers. Access to the web has made this easier than ever.

One question we often get asked is what is the best way to finance this import?

Often our clients will approach their bank directly without knowing all the alternatives provided available to them including not having to tie up existing security held by their Bank.

If you are considering importing equipment the key things from our experience that need to be considered are:

- What are the payment terms required by the Supplier?
- Are you taking any payment risk?
- Is a deposit required?
- Is a Letter of Credit required?
- Is the purchase in foreign currency?
- How do you mitigate the exchange risk?
- How do you structure the transaction?

What are other items to consider?

- The financial strength of the supplier – what happens if a deposit is paid if the equipment is not shipped or delivered?
- Does the equipment need to be installed and commissioned at your premises? If payment had been made when it was shipped can 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?
- What GST is payable when the equipment arrives in [Australia](#)?

How we help!

Early engagement with your specialist finance broker is important. We can assist you with structuring the transaction to provide additional protection against the pitfalls of importing equipment including arranging the financing of the import (including a Letter of Credit, Forward Exchange Contract and Trade Finance) and the conversion to the Equipment Finance product).



DON'T LET SOMEONE TAKE OWNERSHIP OF YOUR EQUIPMENT?

As mentioned in previous newsletters if you rent, lease or hire equipment that you own to a third party (even a friend) you can lose ownership and any equity in the

equipment in the event that the third party you are hiring too becomes insolvent, even though you legally own the equipment.

This also extends to where a company has an asset entity that receives income from an operating entity within the same group and the operating entity becomes insolvent.

The Property Securities Act (PPSA) is the reason for this. One of the impacts of the Act was the way that ownership of assets are treated in the event of an insolvency.

Established in January 2012 the PPSA created a mechanism to combine various state registers of assets into one Register.

Initially when the PPSA was introduced short term rental, lease and hire arrangements where assets could be lost if the client hiring the equipment was made insolvent applied to periods of as little as 90 days. This was then changed in October 2015 to a period of one year. On 20th May 2017 this was changed to two years.

So what should you consider?

- A number of companies that we deal with have an operating entity that effectively pays for the use of equipment that is owned by the property holding entity of the same Group. This structure is typically done to protect the assets in the company. We suggest if you have this arrangement is to seek advice (if you have not already done this) to avoid potential issues with ownership in the event of the operating entity becoming insolvent. Often to protect the Asset Owning entity formal agreements are put in place and the interest registered on the PPSR.
- If you hire, rent or lease equipment to a third party you should seek advice on whether you need to register your interest in the asset on the PPSR.

Further information on the changes can be found via the PPSR website -

<https://www.ppsr.gov.au/legislation/pps-lease-change-2017>

As this is a complex area we recommend that you seek professional assistance. If you want further details please do not hesitate to contact us.



The past quarter has generally seen very positive market conditions across the road transport, mining, earthmoving, automotive and agri sectors according to Slattery Asset Advisory

The 3rd Quarterly Report produced by Slattery Asset Advisory for 2017 sets out the insights and trends observed by their experts across all these industries.

The good news is predominantly in the mining, earthmoving and road transport sectors as all market segments are powering along.

This quarter saw Slattery's happy to call a sustained recovery in asset values in the mining sector as values in the secondary market are strong and coincide with the 3rd straight quarter of increased sales and revenues for Caterpillar globally.

The road transport sector has been powering and new truck sales are looking very healthy. They offer an insight in this report about the impact of the driver demographics in Australia and the low uptake of truck driving as a profession on prime mover values.

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The quarter in short:

- The secondary market for used ultra-class mining equipment has shown very positive signs in comparison to recent history off the back of a sustained recovery in asset values.

- The market for mid-size civil equipment is very strong around the country but in NSW and VIC in particular.
- Road Transport sees new heavy duty truck sales on track to hit a new record with a jump of 30% on the previous year. The secondary market has been strong across refrigerated, general, metro, tippers, bulk and heavy haulage assets.
- The demand for quality trailers has continued relatively unchanged over the past quarter and continue to achieve good results.
- The asset advisory team has been busy in both road transport and mining. Hard rock drilling assets have seen a resurgence in interest of the back of the recovery in mining asset prices.
- SUVs continue to dominate the market in new and used sales as the wider market is on track for another record year of new car sales.

To find out more and to subscribe to the Slattery quarterly report click on the link below.

<https://www.slatteryauctions.com.au/news/read-quarterly-report-q3-2017>



Horsing around

In each edition we provide some light hearted humour in our Horsing around section.

On thinking what to do this month we thought as it is called "Horsing" around we would locate some horse jokes that may make you smile!

A cowboy buys a horse from a pastor. The pastor explains, "To make the horse go, you got to yell, 'Thank God!' And to make it stop, yell, 'Hallelujah.'" The cowboy rides off. He rides all day and starts to nod off in the saddle when he notices he is about to ride straight over a cliff. Searching his memory, he yells to the horse, "Hallelujah! Hallelujah!" The horse grinds to a stop just at the edge of the cliff. The cowboy wipes the sweat off his forehead. "Phew!" the cowboy sighs. "Thank God!"

"A horse was looking over a fence watching a game of cricket. "Any chance of a game?" he asked the captain. At first the captain was taken aback by the talking horse, but when it insisted it was keen to play the skipper thought it might be a bit of a laugh if he sent the horse out as opening bat.

The horse shaped up to the first ball and slammed it over the boundary for six. He did the same with the second and third, indeed every ball he hit for six until the over ended.

He had been partnered by the captain, and when the bowler ran in from the other end and the captain managed his first hit for a meagre single he called for the horse to run. But the horse just stood there.

Frantic calls by the captain to run were ignored and in the confusion the skipper was stumped out.

"Why didn't you run?" roared the captain. "Listen mate," said the horse, "if I could run I would be at the racetrack today, not messing around with this cricket game".

"A horse walked up to the racetrack betting window and plopped his money down.

"I want to bet fifty dollars on myself to win the fifth race," said the horse.

"I don't believe it!" said the astonished clerk. "You don't believe what?" said the horse, "That I can talk?"

No", replied the clerk, "You don't stand a chance of winning the fifth race."



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