

NEW REFERENCE SHEETS

These reference sheets and more are available from our website. We will be adding more reference sheets to our online library from time to time.

- Build vs. Buy
- Foreign Markets
- Taxing Times
- Looking for Growth
- Electronic Banking
- Agribusiness Banking
- Financial Planning

SERIES COLOUR GUIDE

- START
- RUN
- GROW
- MOVING ON
- FINANCE

REFERENCE SHEET WEBSITE

www.bendigobank.com.au/business/businessfocus/library/



FEATURE STORY

Taxing Times

Preparing for year end accounting and tax compliance.

By: Tim Olynyk

Businesses need to submit their financial information to their accountants in order for their year end financial accounts and/or income tax return to be prepared.

It is essential that all businesses maintain a proper record keeping system. There are a number of reasons for keeping good accounting records, including:

- They are legally required by the Australian Taxation Office (for a period of 5 years)
- They are used for tax and financial decision making
- They assist in managing your business more efficiently
- They preserve and protect corporate knowledge
- They make budgeting easier
- They improve productivity by better identifying costs
- They make it easier to complete your activity statements and prepare associated reports
- They protect corporate interests and will assist with any potential legal proceedings

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REGULAR

Business Outlook

BUSINESS SNAPSHOT

Overall Economy (GDP):	(Q4 +0.5%)	↑ 2.7%
Inflation (CPI):	(Q1 +0.9%)	↑ 3.0%
Unemployment:	(March)	5.1%
Retail Sales:	(Sept +0.3%)	↑ 4.8%

Percentage is Annual Rate of Change.
Data are latest figures as published by Australian Bureau of Statistics 01/05/2006

For more up to date Business and Market trends and analysis, visit your local Bendigo Bank branch and speak to your Branch Manager.

The markets have begun to experience more volatility over the last quarter as the commodity boom continues and fears regarding inflation have grown. The most recent CPI reading for Australia came in at the top end of expectations inflation of

(annualised inflation of 3.0%) which is just within the Reserve Bank's target band of two to three percent, however was sufficiently high to warrant an increase in official rates by the RBA when put in the context of increased credit growth, firm business sentiment and surprisingly robust retail sales. The fiscal stimulus via the Commonwealth Budget (tax reform equating in dollar terms to 1% of GDP) have added weight to an expectation that cash rates may remain at or above current levels for some time.

The global markets is showing no signs of levelling off yet- the US Federal Reserve has again lifted rates (now to 5%, their highest level for over 5 years) and demand from China continues to underpin the remarkable resources boom that has effectively financed much of the surplus that was announced in the Budget last week. How sustainable the commodity prices are is impossible to predict, however growing volatility in prices across all markets is a strong

possibility. It will also be interesting to see how quickly the Chinese currency is allowed to be floated or at least adjusted, and the impact on capital flows as a result.

The AUD/USD exchange rate is another example of volatility building- having broken the downside support of 72 cents a sharp drop to .7025 was immediately followed by a spike to almost 78 cents! The Aussie dollar is closely tracking commodity prices, and with record prices seen recently in some commodities a pull-back appears likely.

David Robertson
Senior Manager Financial Markets
Bendigo Bank

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Many businesses fail to supply all the necessary information required to their accountant. This results in an increase in correspondence and unnecessarily increases the costs associated with preparing the financial accounts and/or tax return.

Therefore, a checklist has been prepared, to assist you in ensuring that you have included all of the relevant information required to be submitted to your accountant. It will allow for the relevant reports and statements to be prepared in a stream-lined, cost effective and timely manner.

Overall, the checklist provided will enable your business to be best prepared for the end of the financial year accounting and tax obligations, and to fully utilise associated opportunities.

End Year Accounting & Tax Information

Checklist for Business Owners

The following checklist provides a list of major issues that should be addressed when compiling the necessary information to pass over to your accountant in order to prepare year end financial accounts and/or the income tax return.

GENERAL INFORMATION

1. Name, address and details of business operations
2. Last year's Financial Statements
3. Last year's income tax return, last year's notice of assessment current year PAYG Instalment notices
4. Correspondences with the Australian Tax Office
5. General Ledger (If applicable, a copy of the computer data files for the accounting software that you use)
6. Last year's and current year Trial balance
7. PAYG payment summary reconciliation of wage details for all employees
8. Business Activity Statements
9. Statements and agreements relating to any leases, loans, new mortgages and hire purchase agreements
10. Details of goods taken for private use (including the amount of GST)
11. Minutes documenting or details of any change of company details
12. FBT return and supporting work papers
13. Details of the franking account

BALANCE SHEET INFORMATION

1. Cash Balances
2. Petty Cash
3. Stock
3. Receivables
4. Investments (including shares)
5. Fixed assets

6. Prepayments
7. Payables
8. Provisions
9. External loans

INCOME STATEMENT INFORMATION

1. Previous year's income statement
2. Income
3. Bad debts
4. Hire purchases/leases
5. Rental property
6. Insurance
7. Travel
8. Legal
9. Primary production

OTHER

1. Depreciation and amortisation schedules
2. Payroll tax reconciliation for year end
3. Details of any private portion expenses
4. Details of any donations made.
For private companies, details of any loans, payments and debts forgiven to shareholders or their associates
6. Details of entertainment expenses
7. Details of home office expenses

Tim Olynk is an expert in the preparation of year end accounting and tax compliance in the Melbourne Office of Moore Stephens.
www.moorestephens.com.au

More in  **Taxing Times** Reference Sheet.

ARTICLE

Bendigo and BPAY

By Michael Lentini

Bendigo is currently working on a number of projects involving the BPAY product. BPAY View offers our customers an access point to receive and pay their bills electronically through their e-banking logon. There are currently 25 major billers who participate in this program. If customers elect to use this service they advise their Biller to send their account invoices direct by registering their bills via e-banking. Customers can pay the invoice direct through their own internet session with all the payee and amount details pre-populated by the Biller, making payment easy and accurate to process. Some of the billers offering this payment option today include Telstra, Optus, Primus, Alinta Gas, Sydney Water and Brisbane City Council just to name a few.

The product has been successfully launched as May 9th on we encourage customers to visit our E-banking site to see demonstration of the product and register for this new service. If you have any enquires regarding the operation of BPAY view please contact Bendigo On Call on 1300 366 666.

BPAY Biller is a service for our business banking customers, which allows a business to offer their customers to pay their accounts by BPAY. Our business customer would forward bills to their customers and advise them that they now have the option to pay the account via BPAY either through a phone banking service (the customer's own bank IVR) and or their own internet banking service to make the payment. This facility will enable us to support business type customers including local Shire Councils, Schools, Real Estate Agents etc who have a need for a simple reliable payment service for their customers to make payments.

Other benefits to the business banking customer in being a BPAY Biller include:

- Cashflow is improved as validated payments received are cleared funds.
- Saves money, time and effort by reducing the need for manual processing of payments.
- Improves the competitive position of the business by making more payment options available to customers.
- Eliminates the cost of dishonoured cheques.

Bendigo is currently working to launch the product in the 3rd quarter of 2006. Progress report will be provided to our customers in our next edition of the newsletter.

Michael Lentini
Senior Manager Payment Systems
Bendigo Bank

ARTICLE

Looking for Growth

By John Bingley

A quick glance at statistics by the Australian Bureau of Statistics (ABS) confirms any amount of anecdotal evidence about the economy's fastest-growing industry sectors:

- Mining
- Healthcare
- Financial services (especially superannuation)
- Property and business services
- Communications and information technology (IT)
- Tourism and Hospitality

In the next five years, the ABS predicts mining to grow at 5% a year, followed by communications at 4.2% and property and business services at 4.1%. Growth for the other sectors ranges between 3-4%. But as important as these bald statistics are in revealing the healthy state these industry sectors, they fail to convey the real dynamism that is occurring in them.

With the exception of mining and healthcare, and communications to a lesser extent, much of the economic activity in these sectors is the domain of the entrepreneur, the small business or the consultant. They represent a fundamental shift in how the economy operates (of which more later).

The reasons for these sectors' dominance are not surprising. The world cannot get enough of our resources. China's frenetic growth sparked the mining boom and an emerging India is ensuring it continues. In particular, it's our high-quality coal and iron ore they want. Compounding the good news for companies is high productivity – past booms went hand in glove with industrial unrest.

An ageing generation of cashed-up baby boomers will demand the medical technology that diagnoses disease earlier, finds cures and improves quality of life. The nursing care industry, too, can only grow as medical science allows people to live longer. The issue for governments, of course, will be how to fund healthcare as the population ages.



But it is property and business services, at nearly 6% of GDP, that's the most interesting sector with economic activity being generated in myriad ways. As fears of terrorism intensify, companies want to know their people and equipment are safe and their data and intellectual property are protected, and companies are springing up to meet this demand. A better-informed consumer means a stronger need for research, in an obvious cross-over with financial services, firms are rating funds in a superannuation industry that is on the fast-track to having \$1 trillion under management courtesy of the compulsory 9% levy.

Managing people's money at all stages in their life cycle – housing, business (there are nearly four million registered companies today compared with 700,000 in 1975), investment and superannuation – is a growth industry that can only get bigger.

In the late 1990s, communications and information technology – especially the Internet – were going to transform business, then came the tech wreck of 2000. Today, IT is back bigger than ever as companies, large and small, embrace it. No longer is IT just a way to cut costs (or spawn a share market-fuelled fortune), it is becoming a competitive point of difference in how to attract and keep customers. And the insatiable appetite of business for better and faster communications shows no sign of abating.

The recent furore in Britain over that 'bloody' advertisement simply highlighted the importance

of the tourism and hospitality sector. Today, it's taking a new twist on the hospitality front as restaurants and fast food chains meet people's desire for healthy, tasty foods. Salad bars, healthy sandwich shops, cafes and Japanese-style noodle bars now dot the CBDs and bigger suburban centres of the cities.

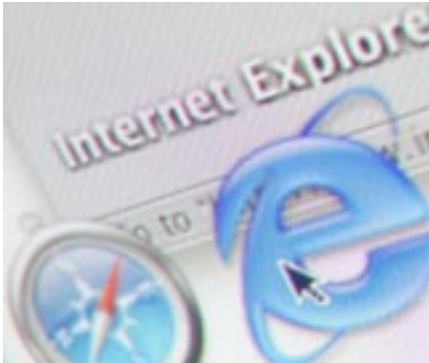
Leaving aside a capital-intensive mining industry, government health services and Telstra's dominance of communications, what is revealing about these industry sectors is how much they are a product of small business activity. It's not only the above-mentioned growth in the number of registered companies that highlights this phenomenon, the proportion of independent contractors, at 28% of the private sector, is almost double the number of union members. Big companies increasingly contract out what they once did in-house.

In business services and hospitality, in particular, it reflects a society that has moved from a "do-it-yourself" to a "do-it-for-me" mentality. For example, 25% of all household functions are outsourced today, generating \$100 billion in spending on goods and services. And a younger generation, in particular, is far more interested in building their own businesses to meet this demand than chasing a life-long career in one company. Even in mining and healthcare, outsourcing is critical to these industries.

More in  **Looking for Growth Reference**

ARTICLE

Electronic Banking



There is more to electronic banking than accessing your account via the internet. Those that fully embrace e-banking can make major cost savings, and not just in bank fees. If you put any value on your time, then e-banking is a must, particularly if your suppliers and customers are also equipped for e-banking.

Step One

One of the first steps you can take is to enable your customers to pay your invoices by direct debit. This simply involves placing a statement similar to the following on the bottom of your invoices:

This invoice can be paid by direct debit to:

Account Name: (your account name)
 BSB: (your bank and branch number)
 Acct: (your account number)

If you are unsure of any of these details you can ask your local branch for assistance. With this very simple step you have done away with the cheque in the mail, the deposit book and the trip to the bank. All in all, quite a bit of time saved – just by changing the words on your invoices.

Step Two

The next step with e-banking is to set up online access to your account with the Bank. If you have a computer connected to the Internet, all you need to do is register in one of the following ways:

- By calling Bendigo Bank on 1300 366 666
- By visiting any Bendigo Bank branch

To show you the features of e-banking, we have developed a demonstration system for your convenience. The demo carries all the services of e-banking, but does not access your accounts. It is only intended as a helpful way to demonstrate the services available. Online help is available on each screen, so feel free to browse and enter some data so click away and see how easy e-banking can be.

More in  **Electronic Banking Reference**

ARTICLE

Agribusiness Banking

Few businesses are as financially challenging as agribusiness. At the mercy of the seasons and the elements for the quality and quantity of produce, the agribusiness must then face the vagaries of the market before knowing how well they will be rewarded for their efforts. There are also the many variations across different agribusinesses, for example the cash-flow issues for a dairy farmer are very different to those of a grain grower. A key to finding the right financial solution for your agribusiness is identifying your major financial issues.

Property and Asset Finance

Property finance is not unlike a typical home mortgage. However, it needs to be understood that few farms produce an income as regular as the typical wage.

So rather than opt for a traditional property mortgage, look for a term loan that provides you with the flexibility such as interest only payments.

As a term loan usually has a lower interest rate compared to an overdraft due to the security of property, you might also look to consolidate other borrowings into this loan to save interest.

Bendigo Bank offers the Bendigo Agribusiness Term Loan to address these issues.

Good years and bad

As many agribusinesses know, a good year might be sandwiched between some bad ones. Fortunately the Federal Government is well aware of this and has tax provisions for spreading income over a number of years. But

as a business you don't want to give the tax office the money in a good year and then wait to get it back again if things are not going so well. Now you don't have to – equipped with the appropriate tax advice and an appropriate deposit account, you can keep hold of your pre-tax earnings in a good year and access them when you need it most¹.

Bendigo Bank offers the Bendigo Farm Management Deposit Account which may assist with these issues.

More in  **Agri Business Banking Reference Sheet**.

For more Business Focus Reference Sheets visit:

www.bendigobank.com.au/business

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