

Surviving the Storm

EL&C Baillieu Stockbroking recently had the pleasure of making a presentation on direct share investment to MB+M's Shepparton based clients. The title of the presentation was Surviving the Storm!

We had a good turn up of close to 100 people, which is perhaps symptomatic of the ongoing tough environment prevailing in equity markets worldwide. Attendees ranged from those of us who are licking our wounds as a result of the first negative returns for a number of years to others who are wondering when the right time is to start putting money into the market. Clearly, shares are in the spotlight at the moment for all the wrong reasons.

At times like this, it is a good idea to remind oneself that the share market has suffered many similar painful corrections over the years, and every time it has recovered and moved up to new highs again.

Since 1987, the Aussie share market has been through 12 corrections starting with the infamous 'crash' of October 1987, to the Kuwait invasion in August 1990 etc. The All Ordinaries Index fell by an average of 23% during

these times and the slump lasted an average of 7.8 months. The current US sub-prime induced correction has resulted in a decline of 25% and has lasted 10 months so far. This dip is proving to be longer and deeper than the average and I think that, realistically, we need to expect a few more months, rather than weeks, of the same.

However, I am convinced that in a couple of years time, we will look back and realize that now is in fact a good buying opportunity for long term investors.

Short term v long term investing



Source: IRESS ASX All Ordinaries Index data is used prior to March 2000, post March 2000 the S&P/ASX 300 Accumulation Index is used. Data to 30 June 2008. Past performance is no indication of future performance.

So how are we advising people?

For existing shareholders, the most important thing is not to panic and not to sell at these levels unless you really have to. Having said this, I recommend rigorously reviewing your portfolio to ensure all your holdings are of good quality. Assuming they are, you can be confident that they will participate in the recovery when it finally starts to occur. In fact, a number of stocks that have delivered solid financial results and provided up-beat outlook statements have already started to recover.

For people who are looking to put money into the market, my advice is to tread cautiously and to focus on low risk companies with proven management, solid growth prospects and strong balance sheets.

If you would like a copy of the presentation or wish to discuss any share-related matters, please feel free to contact me, David Julian, via MB+M on 5821 9177.



Chartered Accountants



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It's time to find out all about Ben Fletcher from our Melbourne office ...

Ben Fletcher

- Full name:** Benjamin John Fletcher
- Schools attended:** Harkaway Primary School; Beaconhills College (Pakenham); La Trobe University (Bundoora) - Bachelor of Commerce.
- Are you currently studying?:** Yes, I am completing my last Chartered Accountant subject which is Ethics and Business application.
- How long have you been with MB+M?** 2½ years.
- What is your role at MB+M?** I work on all types of clients eg. Hotels, dairy farmers, professionals, retailers and many more helping them with their tax compliance work, super funds and taxation planning.
- What are your career aspirations?** To enjoy the work I am doing, to gain experience across a range of business areas and to establish good relationships with colleagues and clients.
- Who has inspired you?** I would have to say my family, they've always supported me.
- Do you play sport?** Yes, I currently play basketball at Dandenong and I'm just about to start up cricket pre-season training. I also love a good game of golf with my Pa.
- Do you like to travel?** Definitely, I normally try to get to Mooloolaba in Queensland once a year. But I'm just as happy to stay local in Victoria, in summer I enjoying holidaying at Philip Island or Cape Patterson.
- What else do you like to do when you're not working or studying?** Well, I love spending time with my beautiful girlfriend, Aimee. I like being active and outside in the warmer months especially at the beach. Of course, there's "chilling out" and enjoying a beer with mates. Sport is a big part of my life - apart from playing sport I like to watch the footy and in particular, Geelong having a crack at back to back flags..

Did you know?

Ben is a SingStar addict — obviously a frustrated Australian Idol.



Education Tax Offset now available

Parents are being advised to 'keep their receipts' for education expenses in light of the commencement of the Education Tax Offset from 1 July 2008.

How much can be claimed?

Eligible families (*generally parents entitled to Family Tax Benefit (FTB) Part A*) will be able to claim a 50% tax offset every year (in their tax return) for key education expenses up to:

- \$750 for each child undertaking primary studies (*ie maximum refund of \$375 per child, per year*); and
- \$1,500 for each child undertaking secondary studies (*ie. maximum refund of \$750 per child, per year*).

What items are covered?

Eligible expenses include:

- laptops, home computers and associated costs;
- printers;
- home internet connections;
- education software;
- trade tools for use at school;
- school text books; and
- stationery.

Profile



The Mayne Report

Despite the fact that he had to leave the Annual General Meeting of the Australian Wheat Board before the meeting concluded, Stephen Mayne arrived in good humour at MB+M for the function organised in his honour.

Stephen was in Shepparton to deliver the key note address at the Goulburn Valley Business Rural Dinner (GV Brain) held at the McIntosh Centre in Shepparton on the 19th August.

As one of the 2008 major sponsors of GV Brain the partners of MB+M were pleased to welcome Stephen to Nixon Street, and to later join him and a number of MB+M clients at the Dinner.

Stephen is known for many memorable episodes including his verbal stoushs with the former Victorian Premier Jeff Kennett, and the heavyweights of the corporate world. And he has also received infamous notoriety for having a physical encounter with News Limited journalist Glenn Milne at the Walkley Awards Dinner last year.

Stephen told the two hundred and thirty plus Dinner guests that whilst Australia was doing well at the Olympics, that as a nation we were underperforming compared to the many other westernized countries in the rest of the world. "How many well known Australian companies are out there?"



You have Qantas, and Fosters, surf wear companies Billabong, Rip Curl and Quick Silver, ...Fosters used to do well in wine and of course we have Rupert Murdoch and Frank Lowy and Westfield."

"But what I say to you is that we could be doing better...we are an island without a major shipping company, we are a nation of tourists who love to travel but we don't have a major hotel company nor an electronics company, an IT or a fast moving consumer goods company in the top 100 companies in the world ... but look at us star the swimming pool!" Stephen told the audience.

Despite his relative youth Stephen has attracted a great deal of media attention for his long history of involvement with the former Premier... including his employment as a media adviser for the Premier's Department. However, the relationship turned sour when Stephen blew the whistle on his former boss by going on the ABC program *Four Corners* and talking about the Premier's share dealings. His successful establishment of *Crikey.com* also attracted attention when he was forced to sell the renowned website to fund some regrettable litigation obligations.

Stephen spent time with the MB+M partners and members of the marketing team on Friday morning before returning to Melbourne.

To see our MB+M Market report and more photo's check out the Spring edition of *Homescape* magazine.

Meet the Melbourne Team

Rose

Judy

Jennie



Xenia

Jennyfer

Chie

Tooba

Rod

Ben

Narelle

Jacqui



Why the self employed are not preparing for retirement

Well over a quarter of all self employed Australians have no superannuation, recently released research by the Association of Superannuation Funds in Australia (ASFA) reveals.

According to the report, the gap between the retirement savings of Australia's self employed and salary and wage earners is significant. The retirement picture painted by the report for many self employed is dim with around half currently receiving some Age Pension when they retire, with 30 per cent on the full Age Pension. In addition, the average income of the recently retired self-employed is only \$24,500 a year, well below what is needed to support a comfortable retirement.

So why is it that so many of those choosing to be their own boss aren't looking after their future? A common problem is that many self employed people believe (either deliberately or by default) that if they invest everything in their business, the business will be their superannuation. For this strategy to be a success it assumes that you have a clear succession path and that when it comes time to sell or succession the business, you will readily be able to extract your capital. However, many self-employed businesses are so tightly linked to the owner that they cannot be sold.

A succession plan is about understanding how to maximise the potential of the investment you have made in your business and knowing how to extract that value when you are ready.

For assistance with mapping your business future and how your business fits into your overall investment strategy, talk to your MB+M advisor today.

NEW ACCOUNTING STANDARDS

Please be advised that post Sub-prime Loan Crisis, the following will now be the accepted standard industry definitions for these financial abbreviations.

EBIT = Earnings Before Irregularities and Tampering
 CEO = Chief Embezzlement Officer
 CFO = Corporate Fraud Officer
 PE = Parole Entitlement
 EPS = Eventual Prison Sentence.

And of course,
 EBITDA - Earnings Before I Tricked de Auditor..."

First Home Savers Accounts (FHSA)

First Home Saver accounts will be available from **1st October 2008**, and are set to provide struggling savers with a better way to build a deposit for their first home.

First Home Saver Accounts will feature tax concessions and Government contributions to help struggling first home savers reach the first critical hurdle - saving a big enough deposit to get into the market. Up to the first \$5,000 in savings each year will attract a 17% contribution from the Government, and earnings will be taxed at just 15%.

Check out www.mbmgroup.com.au to download an information sheet or speak to your MB+M adviser.

Summary

- You can get up to \$850 pa "gift" from the Government towards your first home.
- Need to invest \$5,000 pa.
- Concessional tax on interest.

If you put away \$5,000 pa for 6 years = \$30,000 ...

Result:	with government subsidy	\$39,958
	without government subsidy	<u>33,650</u>
	Net Benefit	<u>\$ 6,307</u>



Upgrade your Accounting Software

How old is the Accounting Software your business is using?

Have MYOB or Quicken warned they can no longer support your version? Do local schools bring students through your business to see how things were done in the "olden days"?

If you feel uncomfortable reading the last paragraph you probably need to review your situation.

Your MB+M Adviser is the best person to talk to. They will discuss your current needs with you and match the best product to your business.

We know that some businesses are avoiding this issue as it will probably mean upgrading PC's as well. So to ease the pain we have asked Data Parts to provide some enticing deals for our clients. They will be happy to discuss your business's unique position and look after you.



To take advantage of these great deals take in a copy of the newsletter to Data Parts, 3 Edward Street Shepparton.

Option 1

HP DX2710 - 3Ghz **\$999**

- Intel Core 2 Duo E8300 3.0GHz Processor
- Choice of Slim Tower or Mini Tower
- **2GB DDR2 800mhz RAM**
- 160Gb SATA2 HD
- SATA Dual Layer DVD Burner
- Microsoft Windows XP Pro* or Vista Business
- No Display
- Integrated Audio
- Integrated 10/100 /1000 LAN
- No Modem
- HP Keyboard & Mouse
- **1 Year Onsite Hardware Warranty**



Option 2

HP DX2710 - 3Ghz

- Same as Option 1 with
- 3 Year Onsite Hardware Warranty
 - 19" Monitor or **upgrade to 22" Monitor for no charge.**

Option 3

- **CA Internet Security**
- **Office 2007 Small Business** (includes Word, Excel, Powerpoint, Outlook and Publisher)



\$1,299

\$299

Melbourne Clients

Narelle Pesavento is busy checking out great deals for you.

Give her a call on 9557 7654 to discuss Accounting software and it's impact on your business.

All amounts include GST

You're Invited!



“join us
for DRINKS”

to celebrate the launch of our
NEW Private Investment Business

“join us”
for DRINKS”

and help celebrate the launch
of our NEW Private Investment
Business

THE CARRINGTON
505 WYNDHAM STREET, SHEPPARTON
WEDNESDAY 1ST OCTOBER 2008

5:45PM Drinks and Canapes
6:15PM New Opportunities for you in 2008/2009
8:00PM Conclude

RSVP: Carmel on 03 5821 9177
OR: carmel@impresspublicity.com.au
BY: Tuesday 23rd September 2008

MB+M Business Solutions





There's more to Xenia than meets the eye!

Claire Ford along with her husband Carl are wrapped with the birth of their first child, Maddison Chloe who was born on July 7 weighing 8 pound 1 oz.

Samantha Scutchings received a surprise proposal from Nathan Quinlan while watching the Olympics. Congratulations on your engagement!

Rebecca Woolstencroft has been appointed to the board of GV Health. Good work!

Michelle Madgwick obviously has MB+M in the blood. After an 8 year family break we're delighted to have Michelle back.

We welcome **Trevor Robinson** to our Melbourne Office, he will be working part-time while Studying for his degree.



And you thought Accountants were boring ...

The End of the Financial Year Dinner comes but once a year and it's time to let our hair down and celebrate.



This year's theme was good versus evil

—and no, nobody chose to dress as the Tax Commissioner (mmm, which side would he be on?).

Shepparton office has recently been on a recruiting spree. We are pleased to welcome ...

Brendan Parker—Accountant with 2 years experience originally from Albury.

Daniel Allen—Management Accounting is Daniel's forte. He comes to us from the City of Hume and is enjoying his switch to the country.

Teneille Collins has recently joined the Financial Planning Team, ably assisting them in all things administrative.

Stephanie Bell is the new Client Service Co-ordinator for Simone's team.

Allyson Overton has relocated from Cairns to sunny Shepparton to also become a Client Service Co-ordinator for Alicia's team.

Jason Swetnam is an Accountant who comes to us with some local accounting experience.



May the force be with you, Cruella DeVille!

Quote of the Day:

It's never too late to leave things to the last minute".

Samantha Scutchings - MB+M

Disclaimer:

These are great ideas not advice. If you want to take advantage of our expertise to make these ideas work for you, please see your personal advisor at MB+M Business Solutions.

www.mbmgroup.com.au