

## Financial assistance that helps to get new products off the ground

*Research and development can be expensive and the returns can be a long time coming.*

Noonan Race Engineering (NRE) has been a major player in the Australian racing industry since 2005. This South-East-Queensland-based specialised engineering company manufactures, maintains and tunes competition engines for V8 Supercars. It also manufactures unique equipment for drag racing, circuit racing, speedway, boat racing and rallying engines.

NRE works in an industry where performance is paramount. This means the team needs to continually improve their engines and components. They are also keen to expand their horizons and break into new markets. Research and development is a big part of what they do – day in day out.

“We were referred to GovtGrants about four years ago by one of our customers,” explained John Noonan from NRE. “We were keen to take advantage of the Australian Government’s Research and Development (R&D) Tax Concession and decided to get an expert on our side as at first glance it was far too complicated to even know if we could qualify – even our corporate accountants shied away from it.”

“Improving a product or getting a brand new product off the ground takes a lot of effort and in our case, a lot of expense. Our business utilises state-of-the-art machinery at the cutting edge of the performance industry which enables us to push the boundaries and get that little bit more out of the engines and components we produce.”

NRE differentiates itself from others; from day one the partners decided they would truly ‘dare to be different’. This is reflected in the company’s mission statement...

*NRE’s future objective is to be a benchmark for other service providers in the motorsports industry and its competitors. This is hoped to be achieved through the development of creative and innovative delivery of hi-performance/R&D-developed power plants across Ford/Chev and Mopar products and services as an expression of our clients’ image, our staff’s individualism and our workshop’s commitment to growth and leadership.*

“When the mission statement was written, ‘R&D’ was only a word – some five years down the track that word represents ‘a long piece of very, very expensive string!’”

“As you might expect, the equipment we need to play in this area is very expensive and limited in its use; for example we have a \$120,000 machine that is ONLY utilised for testing racing-developed componentry,” John explained. “Even with expert engineers operating our R&D equipment we still make mistakes – so quite a bit of aluminium and expensive parts end up in the bin. We can spend an awful lot of money before we get something right.”

“To get to the actual ‘computerised model’ can be hundreds of hours; this morphs into several hours of programming, then to a prototype that is further tested to breaking point. This completed – the part is then machined and hand finished to an actual ‘component’ that is then placed on a real-time race car for track testing and final development ready for release.”

“Then once we have a new product to take to the market we pack our bags and head to the US to participate in trade shows. There’s more expense



there and it’s a hard slog over several days in a huge market hall with thousands of other displays in front of a world-wide audience,” John added.

“Howard Stewart from GovtGrants was a great help and he explained the ins and outs of the R&D Tax Concession to us, he discussed our eligibility, and as he had a great understanding of our industry, this made us feel very comfortable. He then helped us to convert all of our documentation into a format suited to the grant application process. We only had one chance to get things right and Howard helped us to do that.”

“The benefit we receive from this grant quite frankly is the ONLY way we could have the incentive we need to keep trying, as it is a very long track to drive down without an immediate return on outlays - it spurs us on,” John added.

Since meeting Howard and his team, NRE have referred at least six clients to GovtGrants and these clients are equally delighted with the service,

attention to detail and the outcome. John owes the fact that even in the early days and in the middle of the GFC, sales approaching \$500k in exports to the US and Europe would not be possible without the R&D Tax Concession scheme for assistance.

Would you like to know more about your eligibility for the Research and Development Tax Concession? Contact GovtGrants on **07 3275 7470**.

### FREE REPORT



**“10 WAYS TO IMPROVE YOUR BUSINESS”**

[www.kmwaccountants.com](http://www.kmwaccountants.com)

# When will you be audited? It's only a matter of time...

*Does the Australian Taxation Office have you in their sights?*



If the thought of being audited by the Australian Taxation Office (ATO) instils fear in your heart, spare a thought for Chris Davey. He has been audited on two different occasions!

A stockbroker by trade at the time of the audits, Chris believes it was his high income and high expenses that drew the attention of the ATO.

"The most recent audit was in relation to my 2007/08 personal tax return," Chris explained. "It was quite a battle to get my tax refund released, but thankfully I wasn't fighting on my own."

Chris uses KMW Accountants to complete his annual tax return. "I find they're wonderfully friendly and very knowledgeable," he said. "On this occasion they spent six months liaising with the ATO on my behalf – that's a long time!"

KMW Accountants assisted Chris with the entire audit process and then chased the ATO for the tax refund that was rightfully due to him. "The matter was transferred from one ATO department to the next; it made things very hard. I really can't thank KMW enough for their patience and perseverance; I'm sure their expert knowledge made a real difference in the end."

Chris changed to KMW Accountants in 2010. Soon after he partnered with them, KMW recommended Chris take out audit insurance. This type of insurance pays for the professional fees incurred in responding to or defending a statutory audit or investigation. In Chris's case, his insurer met the first \$10,000 in fees he incurred.

**"I ended up being \$120 out of pocket," he said. "The total bill came to \$10,120 – I'm certainly very happy that I took KMW's advice and got myself the insurance cover I needed."**

Whether the ATO requests to audit your personal or business tax return, the process can be stressful. It pays not to go it alone. Get an expert on your side – a company like KMW Accountants – and you'll not only minimise the stress, you'll maximise your chances of a good outcome. Protect yourself from the fees you'll potentially incur by purchasing audit insurance. KMW Accountants can help you to do this too.

For more information contact KMW Accountants - [www.kmwaccountants.com](http://www.kmwaccountants.com) or phone 1300 855 259.

## What is involved in an ATO audit?

A review or audit usually involves looking at your affairs to ensure the information you have given the ATO is accurate and you have complied with your obligations. The ATO may also contact other parties such as banks, employers, customers and suppliers to get information.



# So you think you're covered?

*Perhaps it's time to 'think again'!*

When you consider the possibility of being unable to work as a result of sickness or an accident, many people consider Workers Compensation and Centrelink benefits as their safety net. These benefits may not be what they seem.

Here are some facts to get you thinking:

- Half of all serious accidents occur away from work.
- You have a one in three chance of suffering a major medical illness between the ages of 30 and 64.
- One in two Australians will suffer a traumatic event during their working life.
- You are three times more likely to suffer trauma than death before age 65.
- Over 1.8 million people in Australia have restriction in their physical activities or in doing physical work.

As you can see, accidents do happen. This means it's likely that you will need some financial assistance during your working life.

Let's look at when you are covered and how much you get.

## WORKERS COMPENSATION

Workers Compensation primarily covers accidents **whilst you are at work**. Accidents whilst travelling to or from work may also be covered, but this may vary from state to state.

For example, in Queensland Workcover **may** cover an employee who is injured while

on a work break, while working away from, or travelling between worksites, while working interstate or overseas, or whilst travelling between work and home. However, Workers Compensation would not normally apply if an employee suffers an illness, unless that illness can be shown to have a direct relationship to work activity.

If a Workers Compensation claim is accepted and after the employee has exhausted any sick leave entitlements, a benefit of 85% of Normal Weekly Earnings may be payable for the first 26 weeks of the benefit period. From weeks 27 to 104, the level of benefit reduces to 75%.

If you are still not back at work after two years, an assessment will be made to consider whether you are still temporarily unable to work or are permanently unable to work. Irrespective of this decision, you would then be referred to Centrelink.

## CENTRELINK

Those not covered by Workers Compensation or those who still cannot work after two years may be eligible for a Sickness Allowance or a Disability Support Pension. A Sickness Allowance is usually considered where an employee is temporarily unable to work, whereas Disability Support is payable where the inability to work is permanent.

Both have extensive qualifying medical requirements and financial means testing. The maximum amounts payable per fortnight are \$469 and \$670 respectively



(2010/11 rates) and the benefit amount could be reduced by incomes earned by a partner or other Centrelink payments being received by the family.

At all times, the focus of Workers Compensation and Centrelink is to get the employee back into the workforce.

## INCOME PROTECTION INSURANCE

As a contrast, Income Protection insurance offers the security of an ongoing level of monthly income if you are unable to work as a result of sickness or accident, either in or out of the workplace. A policy can be constructed to suit your individual needs and budget. Premiums are usually tax deductible and payable monthly. Income Protection gives you the certainty of a secured income, when you need it most.

John, a Sales Manager of a large company, severely breaks his leg whilst playing with his children on the weekend. John has to take three months off work to recover. He would not be covered by Workers Compensation. He probably will not be able to access Centrelink as it is means tested (His partner's salary and investment income is included in the test). Luckily, John has personal Income Protection insurance and receives a regular income during his recuperation.

Darcy, a speech therapist, has a car accident whilst on holidays. Darcy's car was hit from behind by another vehicle, and he suffered severe whiplash from the impact. Darcy was unable to work for 10 weeks, and had to undergo extensive physiotherapy treatments for 18 weeks. He cannot access Workers Compensation and only receives \$469 per fortnight from Centrelink, which does not even cover his mortgage payments. Darcy is forced to ask his younger brother for a loan to keep him going until he gets back to work.



**How are you going to pay your mortgage and put food on the table if you are unable to work? Contact Chris Flook at KMW Wealth Solutions on 07 3275 7433 for a free, no obligation review of your circumstances.**

## Did you know?

***"If everything seems under control, you're just not going fast enough"***

*- Mario Andretti*

# Part 2: 10 ways to improve your business

*The smallest change can make the biggest difference.*

There are times when you will think that making a change to a business process is more trouble than it's worth. The truth is, the continued success of your business is reliant upon your business' ability to evolve and keep up with your competitors (as a minimum). At best, you should be leading the way.

Sometimes the smallest change can make the biggest difference to your business success.

In the previous edition of 'Solutions' we offered you three tips to improve your business. To recap...

## 1 Use your business plan

If you have a business plan it's time you used it to guide your decision making.

## 2 Don't overlook the numbers

There is significant room for improvement when it comes to financial management. Get into the numbers and you'll notice the difference it makes to your business' bottom line.

## 3 Make sure you get paid

The statistics show that most businesses fail because they run out of cash. Making sure you get paid goes a long way towards making sure you stay afloat.

*In this edition of 'Solutions' we'd like to share three more tips.*

## 4 Make sure you get your marketing mix right

What are you doing right now to market your business? The sign out the front of your workshop, the logo on your letterhead, your Yellow Pages ad – these things are all part of your marketing mix. You might also be using the internet,



newspapers, magazines, radio, television, billboards and more to bring business through your door.

Deciding the right 'channel' to use can be as difficult as deciding what to say. Answer these questions before you do anything and you'll be well on your way to getting things right.

- Who are your customers?
- How are you going to reach your customers?
- What are you going to tell your customers?
- When did you last put yourself in your customers' shoes?
- Have you left yourself enough time to prepare?
- Are you getting the most out of your current customers?
- When did you last ask your customers what they think of your marketing?

h) Are you making a change for 'change's sake' or are you changing for a reason?

## 5 Thinking mobile

The days of only doing business from behind a desk are long gone. Thanks to the new mobile technology that's on offer, it's easy to do business from all corners of the world if you need to. Embrace it! Mobile technology can be more affordable than you might think – it may help you to respond faster and cut overheads; it will definitely offer you newfound flexibility.

More and more SMEs are embracing it. Don't get left behind in the race.

## 6 Computer fraud – don't be a victim

Almost every week at least one case of computer fraud is reported in the press. The Australian Institute of Criminology (AIC) has calculated that computer fraud is costing

Australian businesses around \$600 million. Some businesses, such as those in the financial services sector, are a prime target. However, the reality is, every business is at risk.

The AIC report states that all Australian businesses should 'Maintain tight regulatory control over computer security functions that are outsourced. And ensure that basic security tools, such as firewalls, intrusion-detection and intrusion-prevention systems are in place and up to date.'

Don't feel like you have to go it alone. You've got lots of things to do as a business owner, and if technology isn't your forte, seek assistance from an expert.

**See the next issue of Solutions for part 3 of this report, covering: getting a digital strategy, saving on rent, cutting your energy bills and getting help from the Government.**

## It's time you made a change for the better

More Queensland businesses are making the change to KMW Accountants. Why? Because our tailored business advice and planning drives substantial improvements in the performance and growth of their businesses.

We create success by focussing on:

• Growth • Profit • Cash flow • Asset protection • Succession planning

If you're not absolutely sure you're getting the best value from your accountant and want better business results, talk to us. You deserve the very best.

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