



## AFS turns 70!



This year AFS celebrates 70 years of service in Bendigo and beyond. From humble beginnings to now a team of over 70, we take a look back at the history of the firm.

Founded in 1946 by Eric (Dick) Grelis, AFS originally operated as E.R Grelis from offices under the Shamrock Hotel. Within a year, Dick moved to the Sandhurst Trustees building in View St, where the firm remained for the next 28 years.

In 1966, David Andrew took over the business, changing the name to Eric R Grelis Andrew & Co.

Beginning with three staff and an annual gross income of \$8,336.70, David steadily grew the business over the next few years with Bernie Frewin by his side. Bernie joined the partnership in 1969.

In 1988, the firm moved to its current location in Bull Street, the original Bendigo Building Society building. The firm had another name change in 1996 to become AFS & Associates Pty Ltd,

representing the three partners at the time - David Andrew, Bernie Frewin and Graeme Stewart.

David continues to work from an office at AFS each morning, performing honorary work for the Discovery Centre and spending time on clients he has been involved with for up to 40 years.

Whilst now retired, Bernie is still regularly seen in the office.

Graeme remains a senior partner of the firm after 30 years with AFS.

The wonderful work from all of our team over the years has shaped AFS into the successful firm it is today. AFS now has seven Partners and over 70 staff, comparing itself to second-tier firms in Melbourne. Our culture sets us apart from other accounting firms. It's the customer service and respect with which we treat our clients that makes us stand out. It defines who we are and how we connect with our clients and community.

## December economic summary

Summer's here and the countdown to Christmas begins in earnest. After such an eventful year on the global political and economic front, investors will no doubt be looking forward to some time out to relax with family and friends.

Donald Trump's election to the US Presidency ushers in a period of uncertainty for the global economy and financial markets until he takes office on 20 January and his policies become clearer. Upon the news of his election, US shares reached their highest levels since 1999, while Australian resource stocks also surged on the back of Trump's stimulatory agenda.

While Trump's victory eclipsed most other news in November, there was some positive economic data at home. Unemployment held steady at 5.6% in October, at a three and a half year low. Consumer confidence is also buoyant; the ANZ/Roy Morgan Consumer Confidence Indicator rose to a seven week high in mid November before dipping slightly. Still, this augurs well for the Christmas spending period. It also suggests there will be no more rate cuts from the Reserve Bank this year.

# Superannuation reform Bill passed



In September, one of the most contentious superannuation tax proposals in the 2016/17 Budget bit the dust with the scrapping of the \$500,000 lifetime cap on non-concessional contributions. Instead, taxpayers will have an annual limit of \$100,000 on non-concessional contributions, down from the current \$180,000 cap. Individuals with a super balance of more than \$1.6 million will be ineligible to make non-concessional contributions.

As part of the changes, the Government also abandoned its proposed removal of the work test for people aged 65-74 wanting to make super contributions. It also delayed the starting date of the proposal to allow 'catch-up' concessional contributions for people with super balances under \$500,000 until 1 July 2018.

Other key measures of the Treasury Laws Amendment (Fair and Sustainable Superannuation) Bill 2016 include:

- Reducing the concessional contributions cap to \$25,000 for all taxpayers.
- Introducing a concessional contributions catch-up regime for those with total super balances of less than \$500,000 from 1 July 2018.
- Allowing a deduction for personal contributions without testing the proportion of employment income received (the 10% test).
- Introducing a low income superannuation tax offset to replace the low income superannuation contribution (which will be abolished from 1 July 2017).
- Increasing the annual income threshold from \$10,800 to \$37,000 for eligibility for the spouse contribution tax offset.
- Abolishing the anti-detriment payment.
- Removing tax exempt earnings for transition to retirement income streams.
- Lowering the income threshold for Division 293 tax to \$250,000.

The majority of measures commence from 1 July 2017.

## Next steps

The Bill will now need to receive Royal Assent before it is formally law. This is generally accepted to be a mere formality.

---

*The information in this document reflects our understanding of existing legislation, proposed legislation, rulings etc as at the date of issue. In some cases the information has been provided to us by third parties. While it is believed the information is accurate and reliable, this is not guaranteed in any way.*

**Venture Financial Planning Pty Ltd trading as Venture Financial Advisers, 61 Bull St Bendigo Vic 3550**  
Authorised Representative Godfrey Pembroke Limited Australian Financial Services Licensee AFSL 230692  
105-153 Miller Street, North Sydney NSW 2060 Australia.



## SuperStream compliance under the spotlight

The Australian Tax Office (ATO) has highlighted that employers still paying their Superannuation Guarantee obligations by cheque are not complying with the new requirements of the SuperStream system.

Following the 28 October 2016 deadline for SuperStream compliance, employers must now be paying super contributions and sending the corresponding data in an appropriate electronic format to super funds. To assist employers, the ATO has developed a decision tree and added a step-by-step guide to its website [www.ato.gov.au](http://www.ato.gov.au). If you need assistance to become SuperStream compliant please contact Jacob Lea or any of the AFS Business Services team.

## Small business exit plan

Running a small business can be an all-consuming activity, however, there comes a time when even the most passionate business owner needs to call it a day.

When that day comes, due to retirement, ill health or a better opportunity, you need an exit plan.

A succession (or exit) plan outlines who will take over your business when you leave. The earlier you begin planning the transition, will make it smoother and potentially more profitable for everyone involved.

A survey carried out by RMIT University found that three-quarters of small business owners lack an exit strategy. There are a number of reasons why this may be the case.

### Family affair

Family run businesses often hope to keep it all in the family by handing the baton to the next generation.

Handing control to a family member does have advantages provided they are qualified and willing to accept the role. Unfortunately, sometimes family members have other plans.

Consulting family members about their ambitions and concerns should be central to any succession plan. A written document with information about roles and responsibilities of all family members and mechanisms for transferring ownership and leadership helps keep the spotlight on the business rather than family relationships. According to a recent PricewaterhouseCoopers survey of 90 Australian businesses, only 24% will hand over to the next generation, down from 38% in 2012.

### Maintaining momentum

Having worked hard to succeed, owners may fear the business will lose momentum in the hands of a less-experienced successor.

Grooming a new leader is a continuous process - it begins long before a business owner steps down and ends long after a successor takes the reins. It requires careful planning, professional guidance and a long lead time.

Successors need to be exposed to all aspects of the company's operations and sufficiently trained to be qualified for the top job. A gradual handover whereby owners maintain a mentoring role allows successors to develop necessary leadership skills.

### Sale appeal

Sometimes the preferred option for an owner is to unlock maximum value from the business by selling up and moving on.

An improved market for business sales since the global financial crisis has heightened the appeal of selling to a third party. The most popular sale options are a trade sale, stock market float or a management buyout.

### Other options

The least attractive option is to liquidate the company's assets and close the business. Liquidation is often the default position of owners who avoid the issue of succession planning until it is too late.

Not only can this be costly but it is unlikely to raise as much money as selling the business as a going concern.

**A well designed succession plan can make exiting your business as rewarding as starting it in the first place. If you would like to get the process started, don't hesitate to give us a call.**



## Research and development tax rates change

The Federal Government has reduced the rates of the tax offset available under the research and development (R&D) tax incentive for the first \$100 million of eligible expenditure by 1.5 percentage points.

The changes apply from 1 July 2016. To find out more contact our office.

## Primary producer income tax averaging

Legislation has been introduced that proposes to allow primary producers to access income tax averaging 10 income years after choosing to opt out.

This will assist primary producers, as averaging only recommences when it is to their benefit (ie they receive a tax offset). They can still opt out if averaging no longer suits their circumstances. The changes are proposed to apply for the 2016-2017 income year and later income years.

## Simplified record keeping for fleet cars

The ATO has released Practice Compliance Guideline 2016/10 to explain a new simplified approach employers can use for calculating the fringe benefit tax (FBT) on their fleet cars for the 2017 FBT year and beyond.

Employers with fleets of 20 or more vehicles can elect to use this new method to calculate the business use component and taxable value of car fringe benefits provided to their employees.

The simplified approach is designed to reduce the record keeping burden by allowing employers to rely on a representative average business use percentage for the whole fleet.

It can be used with fleets of 20 or more 'tool of trade' cars provided for extensive business use. Cars used predominantly for private use, those provided as part of a remuneration package, or where the employee chooses the make and model, do not qualify. Employers must also meet several rules relating to the maintenance of log books and hold valid log books for at least 75% of the fleet.



## AFS takes the cup four years running

The annual Bendigo Bank Fun Run was held on Sunday 30 October with over 2,000 participants heading along to run or walk 5km, 10km, 15km and even the half marathon 21km.

For the fourth year running, the AFS/Venture team won the Corporate Cup for the most participants in their team, with 129 members!

The event organised by the Bendigo Health Foundation raised almost \$120,000 to purchase equipment for the new hospital.

AFS and Venture see this event as a way to give back to the community and also promote health and well-being within our team. Congratulations to everyone who participated.



## Toiletry packs for those in need

Through casual clothes days AFS raised \$300 to donate to the Zonta Club of Bendigo to assist funding their toiletry packs. Founded in 1980, the club works to advance the status of women through initiatives and projects locally and further afield.

A toiletry pack costs around \$14 to put together and includes everyday essentials. The toiletry packs can mean a lot to women who have left their homes to escape violence and may not have the money to buy these items themselves.

If you would like to know more about Zonta Bendigo head to our blog at [afsbendigo.com.au/news](http://afsbendigo.com.au/news)

**AFS & Associates wish you a safe and happy Christmas and New Year.  
We look forward to working with you in 2017.**

Our office will be closed from midday, Thursday 22 December  
and will re-open Tuesday 3 January.



61 Bull Street  
Bendigo VIC 3550

PO Box 454  
Bendigo VIC 3552

P 03 5443 0344  
E [afs@afsbendigo.com.au](mailto:afs@afsbendigo.com.au)

