

**Newsletter, April 2011****Practice Update**

Another three months have passed and I have continued to grow my client base and spend a significant amount of my time provide consulting advice. I appreciate all the referrals that keep coming my way!

This quarter is important for business owners to see their accountant as tax estimates should be prepared and planning opportunities discussed before the end of financial year.

I have planned a short holiday in tropical North Queensland to ensure I have some time off before the new tax season. I'll be spending my time bush walking through the Daintree Rainforest and exploring the Great Barrier Reef. I will be away from Monday May 23 to Tuesday May 31.

I had planned to do an article on issues that accountants are not dealing with well (as identified by the ATO) but have had some issues in a related area that I thought I would share.

Know your professional advisors

Recently, though a position I hold as an officer of a company, I have been in the position where I have had to review financial statements and an income tax return prepared by a large accounting firm. I had various concerns with the most significant ones relating to the treatment of equipment where a 'sale and lease back' arrangement was entered into. I advised the other accountant about how I believed the transaction should have been treated, which they confirmed and made the corresponding adjustments. This resulted in a \$130,000 GST correction. I also had issues relating to erroneous tax adjustments made by the accountant which they again confirmed and this resulted in the taxable income being reduced by \$90,000 (potentially saving investors up to \$42,000 in tax).

The other directors would not have identified the issues so had I not been involved in with the board then this tax saving would likely be lost forever. It highlights an issue I constantly think about, that is, how do you know if your professional advisors really know what they're doing? There were at least four accountants at the large accounting firm involved in the process and none of them picked up the issues. There was also no apology for the mistakes or inability to identify issues but there was a rather large bill (for fixing their mistakes?!).

My recommendation is that when dealing with professional advisors (including lawyers, financial planners, etc), you should personally know the people who are involved in your work. I think that this can only help ensure that your advisor really cares about your situation and if something goes wrong then they will do their best to fix the problem.

People put a lot of trust in their advisors and don't always understand the technical aspects or check everything that is done. I make an effort to know each of my clients personally and build enduring relationships.

Lodgement Dates

- 28 April 2011 Superannuation due for the March quarter
- 28 April 2011 BAS due for the March quarter
- 15 May 2011 2009/10 Income tax return due for all taxpayers not requiring earlier lodgement

Kind regards,
Nick