



MANAGEMENT AND LETTING BUSINESSES

THE MANAGER'S ROLE



**McADAM
SIMON**
PTY LTD. ABN 50 065 407 927

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1.0 OVERVIEW

SUCCESSFUL PEOPLE IN BUSINESS DO NOT KNOW EVERYTHING, BUT
RATHER KNOW WHEN TO LISTEN TO A TRUSTED ADVISOR.

Trusted to advise you in taxation and business matters, the value of McAdam Siemon – is a business partner specialising in the industry of Management Rights who provide solutions and implement strategies from business beginnings to retirement.

.....and now, some guidance on the next step.



2.0 YOU ARE NOW READY TO BE THE NEW MANAGER

Once you have received confirmation that the management and letting agreements are in order, and are satisfied regarding the profitability of the business, there are several issues requiring consideration prior to settlement which you need to consider.

2.1 Key issues pending settlement include:

Licence - Approval

By now you should have received notification that your licence has been approved. Delays can occur during this part of the process, touch base with Office of Fair Trading if need be to check the progress of your application.

Appoint Auditor

The appointment of an auditor is a condition to hold a licence.

Bank accounts & Merchant facilities

Contact your bank to open your PAMD trust account and your General bank account. You must notify the Office of Fair Trading within 14 days of opening a PAMD trust account. Organise with your bank the ability to accept credit cards via a merchant facility.



Insurances

Appropriate insurance cover should be put in place, your bank may discuss your insurance requirements in the event that you require a business loan. Financial Planners or Insurance Brokers can also assist you putting in place adequate insurance. Areas of insurance include: General Business Insurance; Home & Contents; Professional Indemnity; Public & Product Liability; Income Protection; Life Protection; Temporary & Permanent Disablement (TPD) cover; Trauma cover and Workcover if employing staff.

Computer Hardware & Software

Assess the suitability of the computers used in the business, an upgrade may be required. Software required to account for your income will need to be purchased. Please discuss with your Accountant. The booking software will be acquired by you as part of the sale and will require a transfer of the software licence at settlement.

Employment contracts & Sub-Contractor agreements

If employing staff, it is advisable to consider employment contracts and duties. If engaging sub-contractors it is advisable to collect contact details and list of duties performed.

Industry Memberships

There are several industry bodies who act as a spokesperson for your industry. These bodies interact with all level of government on behalf of all industry stakeholders and provide regular forums and newsletters that may prove useful to your business. ARAMA & REIQ are two industry bodies

Contact details

Ready a list of all suppliers that will require your new contact details, banks, insurance company, utility providers.

Departure letter

Prepare a departure letter with the Vendor to be sent out with owner statements to announce the change of management. Be sure to provide correct trust bank account details and a nominated bank for which this is to take place.

Helpful Websites

- www.ato.gov.au Australian Taxation Office
- www.business.gov.au Australian Government
Principal Business
Resource
- www.asic.gov.au Australian Securities and
Investment Commission
- www.business.qld.gov.au Qld Government Business
Industry Portal
- www.fairtrading.qld.gov.au Qld Government Office of
Fair Trading
- www.worcoverqld.com.au Qld Workcover
- www.aramaqld.com.au Australian Resident
Accommodation Managers
Assoc. Qld
- www.institute.reiq.com Real Estate Institute Qld

Tax and Business Advisor

With the verification of the Management Rights now completed, it is time to turn your attention to engaging your tax and business advisor for your ongoing taxation and business needs. Contact your Accountant to discuss the services available to you.

3.0 TAX AND BUSINESS ADVISOR – MCADAM SIEMON ACCOUNTANTS

For more than 16 years McAdam Siemon has been a trusted management rights advisor in Brisbane and on the Gold and Sunshine Coast's. Our experienced staff will aid and add value to your business through the industry cycle, from purchase to management and eventual sale.

3.1 SERVICES

Our firm advocates quoting up-front for all services provided. A written proposal, clearly outlines the selected services that you require, the scope of work, the role and responsibilities of us as your advisor and you the client.

Services we offer include:

- Business Valuations / Business Verifications
- Management Rights / Trust Account Audits
- Business Advisory Service
- Taxation and Planning
- Succession and Estate Planning
- Strategic Financial Analysis and Planning
- SMSF Fund Administration

During the year, it may transpire that you may require additional services to those you had originally planned, that's OK, just let us know and we will quote up front.





3.2 SERVICE DELIVERY

Our approach to servicing your annual taxation needs is based on a Work Flow Management System. Our delivery standard is to complete your annual taxation needs within 6 weeks. To promote this standard we organise in advance an agreed month in which we take delivery of your documents thus avoiding congestion and disappointment.

When collating client information, we will provide a number of checklists that act as a prompt to ensure we receive the required information.

Business life can be unpredictable and you may have the occasion to require our assistance sooner than you had planned, we understand our role as trusted business advisor and stand ready should the need arise.

3.3 TAX PLANNING

Whether you have been in business for some time and seeking tax strategies for the end of the financial year or are simply new to business and would like to know what the ATO requires of a business owner, our experience staff will guide you.



3.4 FIXED PRICE AGREEMENT – PROVIDING CERTAINTY

Certainty in business is paramount, particularly with cashflow and so it is that our model of quoting upfront lends itself to certainty. Once our written proposal or Fixed Price Agreement is accepted by you we can arrange for a direct debit payment to be made monthly or quarterly.



4.0 SETTLEMENT AND THE DAYS LEADING UP TO SETTLEMENT

When you receive advice that the contract is unconditional and settlement is imminent, there are several practical issues that will require your attention at settlement.

4.1 Key issues at settlement include:

Trust Account

Booking deposits held in trust are to be transferred across to your trust bank account. Obtain a copy of the breakdown of all deposits held in trust for your files.

Cash Float

Establish your cash float on the day of settlement.

Monthly Salary

Ensure that Body Corporate is aware of the handover date to ensure you receive the correct salary.

Licensee details

Ensure that prominently displayed licence details are changed to correctly reflect the details of the licence of the new manager.

Booking/Trust software licence

Transfer licence of the booking/trust software, so that it is registered to your business.

Stock on Hand

Complete stock take on day of settlement and agree with Vendor. It may well be that the purchase of the business required this value as part of the negotiated purchase price.

Employment contracts

Ensure that all employed staff have signed employment contracts and are therefore covered by appropriate insurance from day 1.

Business name

Contact ASIC to have business name transferred at settlement.



Utilities change-over

Arranged meter readings should take place at settlement. Accounts should be transferred across to your business so that all future bills will arrive at your postal address, to avoid any mix-up that may lead to the accidental non-payment of the essential services.

Email address, Internet & Website

Transfer accounts and update details.

Creditors & Sub-contractors including linen supplies

Establish credit arrangements with all major suppliers to be in place ready for immediate trade.

Work-in-Progress

Ensure that you have all necessary details regarding any work in progress issues concerning unit owners that need to be followed through to completion.

Unit Owner details for payment

Check and update owner details regarding bank account, preferred payment method, preferred contact method and appropriate address (email or postal).

Equipment

Complete registration transfer documents, you should check existence of all equipment that was agreed in the contract is present and accounted for.

Brochures, Business Cards etc

Check stock levels, check details for correctness and make any orders as necessary



5.0 SUMMARY

McAdam Siemon is a specialist in the Management Rights industry and stands ready to be your trusted tax and business advisor. Call our office today to discuss engaging our firm and tap into our specialist knowledge.



APPENDIX 1



WORKSHEET - TO DO LIST - CONTRACT STAGE

Task	Responsibility	Action Required Pre-Settlement	✓
Financial Verification	Your Accountant	Contact your Accountant to conduct financial verification	
Legal Due Diligence	Your Lawyer	Contact your Lawyer to conduct legal due diligence	
Licence - Approval	You	Ensure successful application has been approved or is close to being finalised, delays are common	
Licence - Appoint Auditor	You	Appoint your Auditor, this is a condition of your licence	
Bank Accounts	Your Bank/Broker	Open general bank account and Trust bank account	
Merchant Facility	Your Bank/Broker	Arrange merchant facilities	
Insurance	You	Arrange for both Public Liability and Professional Indemnity Insurance, Workcover if relevant	
Insurance – Personal Risk	You	Discuss requirement for personal risk Insurance cover	
Insurance – Managers Unit	You	Arrange for contents Insurance and office contents insurance (if applicable)	
Computer – Hardware & Software	You	Assess suitability of computers to be transferred on settlement, upgrade if required	
Trust Account Software	You/Vendor	Organise transfer of licences	
Employment contracts	You/Solicitor	Consideration of employment contracts for staff	
Sub Contractors	You/Vendor	Compile a list of names, duties and contact details	
Memberships	You	Apply for memberships (eg. ARAMA, REIQ etc)	
Address	You	Notify banks, Insurance & utility providers of new address	
Departure Letter	You/Vendor	Include a departure letter to owners when sending out final statements	
Ongoing Tax Advice	You	Engage your tax advisor who will provide ongoing services such as tax planning & annual tax returns	
Action Required At Settlement			✓
Trust Account	You	Ensure deposits held in Trust Account are transferred upon settlement	
Cash Float	You	Establish a cash float the day of settlement	
Monthly Salary	You/Body Corp	Ensure Body Corporate is aware of hand-over date for remuneration payments	
Licensee details	You	Ensure licence details displayed are changed to reflect new management	
Booking Software Licence	You	Ensure booking software licence is transferred to your business.	
Stock on Hand	You	Complete stock take on day of settlement	
Signed employment contracts	You	Ensure staff sign employment contracts	
Business name	You/Vendor	Contact ASIC - Business name to be transferred on settlement	
Utilities – Electricity, Gas & Telephone	You	Transfer accounts to your name and arrange meter readings	
Email Address, Internet & Website	You	Transfer accounts and update details	
Creditors & Sub-contractors	You	Set up credit arrangements with all major suppliers	

Cont...



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ACCOUNTANTS AND BUSINESS ADVISORS

WORKSHEET - TO DO LIST - CONTRACT STAGE

Action Required At Settlement (Cont...)



Linen Supplier	You	Complete stock take of linen on hand	
Work In Progress	You/Vendor	Provide new owners with all details of any work in progress at day of settlement	
Unit Owner Payments	You	Check and update owner payment methods and account numbers	
Equipment	You	Complete registration transfer documents, purchaser check existence at settlement	
Brochures, Business Cards, etc	You	Check stock levels, order business cards etc	

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APPENDIX 2



WORKSHEET - TO DO LIST - OPERATIONAL STAGE

Task	Responsibility	Action Required Operational Stage	✓
Caretaking & Letting Agreements	You	Copy to be at hand for reference	
Occupational Health & Safety	You	Ensure OHS manual and register are up to date and understood	
Code of Conduct	You	Copy to be at hand for reference	
RTA – Bonds	You	Ensure bond balance records are up to date	
Tenant Payments	You	Provide all tenants with the new trust account details	
Welcome Letter	You	Send letter to owners and tenants introducing yourselves	
Remuneration Structure	Body Corp	Review caretaking & letting agreements re basis of remuneration reviews	
Register Superannuation Fund	You	If employing staff you will need to register a default superannuation fund for employees	
Tax Planning	Your Accountant	Contact Accountant to discuss requirements	
Thinking of Selling the Business?	You	Contact Accountant and Solicitor to discuss business 'Health Check', at least 12 months before listing	

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APPENDIX 3



WORKSHEET - TO DO LIST - SELLING

Task	Responsibility	Action Required – a Health Check 12 months in Advance	✓
Review PAMD 20a agreements	You / Solicitor	Ensure assignment of all units in letting pool, agreements including addendums remain current	
Extend Caretaking & Letting Agreements	Solicitor	Extend agreements to provide potential purchaser with opportunity to buy a longer life business	
Assets to be sold	You / Solicitor	Prepare a detailed list of what assets are being sold with the business	
Task	Responsibility	Action Required – To List Business for Sale	✓
Appoint Broker	You	Contact Broker to discuss listing	
Prepare P&L for Sale	Your Accountant	Request Accountant to prepare Profit & Loss Report to assist Broker in constructing selling price	
Final Audit	Your Accountant	Contact Accountant to undertake final trust account audit to be sent to the Office of Fair Trading	
Close PAMD trust bank account	You	Office of Fair Trading needs to be advised within 14 days of bank account closing	
Calculate Tax implications on sale	Your Accountant	Contact your Accountant to discuss options	
Succession Planning	You/Your Accountant	Contact your Accountant to discuss options	

ADVISORS CONTACT LIST	NAME	PHONE NUMBER OR EMAIL
SOLICITOR		
ACCOUNTANT		
BROKER		
BANK		

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McAdam Siemon is a CPA Practice



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