

Welcome

It's hard to believe that 2008 is now well underway and it is some eight years since we all worried about the millennium bug! So what's in store for 2008?

Through WHK Group we engage the best economists and researchers to provide us with advice on what is forecast for the year ahead. We've recently released the 10 Best Investment Ideas for 2008 through our Wealth Management division. If you'd like to obtain a copy of this informative document please contact your advisor, or email cam@whkhorwath.com.au.

Special points of interest from the 10 best investment ideas:

- Inflationary pressures are building and interest rates will rise, but we're not going back to the bad old days;
- The Australian share market is not as cheap as it used to be and some shares seem expensive – some others don't - focus on value;
- The world is changing and it is wise to adjust your investments to take advantage of the changes that are likely to occur;
- The new Government in Australia is likely to be conservative;
- Managing shortages will be a key issue for the future – from workforce shortages to residential real estate, water and energy.

So what about the feeling in the community? Social research that tells us how people may behave in the year/s ahead...

- Australians are entering 2008 with a new attitude, they've spoken up and made a change with a new government and are prepared to consider new things, albeit with another fairly conservative government;
- Cocooning will continue to increase with people pursuing their need for work life balance. A comfortable home life will continue to be pursued with increased expenditure expected on televisions and home entertainment (as these items get cheaper from a growing China);
- Increasing pressure on businesses to be good corporate citizens; from minimising their impact on the environment to supporting those not so privileged.



Going Green

Greenhouse Challenge Plus is a co-operative partnership between Government and Businesses. The programme is managed by the Australian Greenhouse Office as part of the Australian Government's Department of the Environment, Water, Heritage and the Arts.

Greenhouse Challenge Plus is designed to:

- reduce greenhouse gas emissions;
- accelerate the uptake of energy efficiency;
- integrate greenhouse issues into business decision-making;
- provide more consistent reporting of greenhouse gas emissions levels.

Amanda White & Samantha Furneaux are working on a project to enable WHK Horwath to become a member of Greenhouse Challenge Plus. This is an exciting project with lots of positive outcomes for our business, workplace, staff and clients.

We have recently submitted our application to Greenhouse Challenge Plus and are making the commitment to Go Green. Through this membership and our auditing expertise we have also applied to be listed as an independent verifier of Greenhouse Challenge Plus. If you are interested in becoming a member of Greenhouse Challenge Plus and would like to utilise our expertise, please contact Amanda White at amanda.white@whkhorwath.com.au.



Sponsors of Melbourne's Longest Cake

We are proud to again be a sponsor of Melbourne's Longest Cake, the annual major fundraising activity for the Cerebral Palsy Support Network. Did you know that Cerebral Palsy is the most common physical disability in childhood, affecting one in every 400 children? Cerebral Palsy is not genetic or hereditary, it is a non-degenerative condition, and the incidents and severity are on the increase. 'Melbourne's Longest Cake' was held for the first time on Sunday 25th March 2007. The event attracted wide public support and media attention, and raised much needed funds for Cerebral Palsy while increasing awareness of CP in the wider community.

This year the cake will run approximately 100 metres in length and is a delicious chocolate banana flavour produced in the fine kitchens of Crown. So come along on **Sunday 2nd March 2008, 10:30 am to 1:30 pm on the Crown Promenade, Southbank** and enjoy the fun.

See if you can find our logo on the 100 metre long cake and join in the fun with celebrities, entertainers, competitions and activities for all.

A slice of cake and a drink (hot or cold) is only \$6 or \$18 for a family of four, plus check out performances by:

Choir of Hard Knocks – ARIA Award winning choir made up of 50 diverse and eclectic individuals

Rhonda Burchmore – The Diva of Australian stage

Annabelle Priftis – Youngest solo performer at the 2007 Carols by Candlelight

Peter Combe – Australia's first pop star for kids

Anthony De Masi - Melbourne's newest breed of comedy magician

You have the opportunity to remedy honest mistakes relating to Division 7A - but act now!

The past 10 years have seen significant change in the Tax Laws in Australia. The introduction of the GST, Tax Consolidation and various CGT concessions are some of the most notable changes. But even before these changes were specific rules to deal with loans from private companies to shareholders. The private company loan rules (referred to as Division 7A) have caused considerable problems for private businesses, their advisors and the ATO as well and it has only been in the past couple of years that changes have been made to make these rules fairer and easier to comply with.

The most notable change to improve the rules in Division 7A has been the granting of a discretion to the ATO to allow taxpayers to remedy honest mistakes that they have made in complying with Division 7A. These may include mistakes in calculating repayments or in putting loan agreements in place by the required dates. The ATO has stated that they will take a lenient approach in relation to these honest mistakes if action is taken to remedy the mistake by 30 June 2008. After 30 June 2008 it is expected that the ATO will commence review action in this area and significant penalties could be incurred where the rules in Division 7A have not been complied with.

To consider whether you or your private company may have a Division 7A exposure the following questions should be considered:

- Has the private company made a loan or payment to you or a related party such as your family trust?
- Has a written loan agreement been put in place in respect of the loan? If so, has the loan agreement been reviewed to ensure it complies with Division 7A?
- Has the private company disposed of an asset to you or a related party for an amount that is less than its market value?
- Have you had a Division 7A review undertaken as part of the preparation and lodgement of your private companies tax return?

If your answer to any of the above questions is "No" then you should seek specific advice in relation to whether Division 7A could apply to your company. The opportunity to remedy any honest mistakes is one which should not be passed up. For further information contact Norman Elliott, Tax Principal on (03) 9258 6700.



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