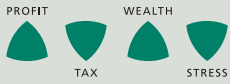




DHM Partners

PREFERRED BUSINESS ADVISORS



Directions

WITH HIGGINS AND McGAUCHIE

CLIENT NEWSLETTER DECEMBER 2008

Our bi-annual newsletter aims to provide you with up-to-date information in order to meet your expectations of increasing profit, decreasing tax, growing wealth and controlling stress.

DHM Partners and Freedom Plus would like to wish all our valued clients a very Merry Christmas and a prosperous and safe New Year. We look forward to working with you again in 2009.

Please note that during the festive period DHM Partners and Freedom Plus will be closed on the following days:

Thursday 25 December 2008, Friday 26 December 2008
Thursday 1 January 2009, Friday 2 January 2009



Tips So You Survive Tough Times and Maybe Even Prosper

Being paid by customers

If you find that your customers are delaying their payments to you, communicate with them and find out what the problem is and whether you can negotiate alternative arrangements regarding payment. Don't sit back and wait, because it might be too late. Keep an ear to the ground as to what is happening in the market place and, in particular, how your key customers are trading.

Paying your own bills

If you are having problems in paying your own bills then communication with your creditors can be very important. If you can present to them plans on how you are going to overcome the short term cyclical nature of business, then you will probably be able to negotiate an ongoing repayment schedule that is able to be effective within your changed cash flow circumstances.

Staff costs

While staff layoffs may seem like a good way to cut costs in the short-term, the direct and indirect costs of downsizing can paralyse your company's long-term revenue generating streams. You could find the books look great for two or three quarters, and then things start to not get done. The direct costs of the layoffs in severance pay are expensive to start with and then the indirect costs of losing experienced employees with strong client relationships can cause lasting damage to your business.

Government handouts

If you are lucky enough to be eligible for a government handout, be it cash or tax breaks, be smart and invest it in undervalued shares, real estate or reduce your debt. Don't waste it.

Watch your expenses

Are you spending more than you're making? Ask yourself before you make a purchase; "Can I afford this?" Keep track of your expenses for an entire month and compare it to your income. Make sure you are spending less than you earn, and figure out where you can afford to reduce monthly spending. You can do this by eating out less and eating at home more, or buying store-brand groceries instead of higher prices brands. That meal at McDonald's won't drain your bank account by itself, but five to ten of these meals a month can put a serious dent in your pockets. Don't forget to plan for your expenses that come around annually or bi-annually such as car insurance or property taxes. Make sure there is a compelling business case for every expenditure.

Your choice

Economic slowdowns can bring either hardship or opportunity. If you chose to be open to ideas and look for ways to improve you will prosper. If you choose to be negative and closed you will become a recession statistic.

Customers

Revisit how well you focus on your customer, their needs and how well you service them. You may even want to change the way you operate to meet customers needs, e.g. smaller and more affordable products or services.

Low margin products

Be very careful and vigilant with your pricing if the recession is associated with inflation. An increase in your business expenses can quickly turn profit into loss if your prices are not following. If you are high volume low margin this loss could very quickly force you out of business.

Plan

Have business, cash flow, growth and profit improvement plans drawn up so you can keep focused on your long term goals.

If you need to talk to someone about any of the above please contact the friendly staff at DHM Partners.


Brett Higgins
Proud Partner of DHM Partners



Share Market Volatility

The recent share market volatility has caused concern for many investors.

Share markets have fallen due to the global credit crisis, which was sparked by sub-prime loans in the United States. Global growth is now weakening and this impacts on corporate profits. Given these uncertain times it is now more important than ever to revisit your long term investment plans.

In general we are not advocating cashing out of equities and locking in losses.

Markets can, and do, deviate from fundamental value over the short term, but they do revert to fundamental value in the long term. Many people are now seeing this down-turn as a chance to enter into the share market.

Long term investors will be rewarded for investing in shares however we would recommend "dollar cost averaging" into the market, rather than trying to time the bottom. Dollar cost averaging refers to buying into the market at regular intervals rather than at one point in time.

Investors want to know when the market will turn, however no-one can accurately predict when this will occur.

What we can say with confidence though is that long term investors will be rewarded from investing in quality diversified asset portfolios, which are tailored to their risk profiles.

Clients who have any concerns regarding their investments should contact DHM Partners to arrange an appointment.

Directions Supplement

** As part of this newsletter edition we have included an article written by arguably the most successful investor of all time in Warren Buffet. His investment principles have stood the test of time and have earned him the nickname of the "Oracle of Omaha".*

Greg Milton
Financial Planner

*Greg Milton is an authorised representative of Morrows Private Wealth (AFSL 244119). This information is of a general nature only and has been prepared without taking into account your particular financial needs, circumstances and objectives and should not be construed as financial, taxation or legal advice. Before acting on the basis of this information, you should consider its appropriateness for your own objectives, financial situation and needs.

Audit Protection a Must Have

- A motor dealer received a BAS query which led to a comprehensive review. Accountancy fees totalled \$13,991.
- A Self Managed Superannuation Fund received a Superannuation Fund Compliance Audit. Total accountancy fees equalled \$6058.
- A high net worth individual received a Capital Gains Tax Review and Income Tax Audit. \$4000 worth of accountancy fees were accumulated.

Thankfully the fees above were fully covered by the Audit Protection Service.

Audit insurance is an absolute must should you not want to have the concern of extra accountancy fees if your entity is audited. Random audits, reviews and investigations are conducted by the Australian Tax Office and other State and Federal Government agencies regularly to ensure business and taxpayer compliance with various tax and legislative requirements such as Income, Land and Payroll Tax, GST, Workers Compensation, Superannuation Guarantee and Compliance and Research and Development Grants.

The ATO and other federal and state agencies continue to announce significant increases in their audit activity.

Now more than ever, individuals, businesses and Self Managed Superannuation Funds are at risk of being selected for a random audit or review.

If your business or individual return is subjected to a random audit, review or investigation, you are responsible for the costs involved in providing the required information.

Even the simplest enquiry can require hours of work. In some cases, when there are complex environments, unusual circumstances, multiple years or multiple companies and trusts, thousands of dollars in accounting and legal fees can be incurred.

DHM Partners can offer you and your business an Audit Protection Service which can provide you with comprehensive relief from audit, review and investigation costs.

The Audit Protection Service covers:

- Accounting fees in responding to audits, reviews and investigations of your lodged returns, including those from previous years.
- Random government audit, reviews and investigations for Payroll Tax, Workers Compensation, Self Managed Superannuation Funds, Income Tax, BAS/GST, FBT, R&D, Superannuation Guarantee and Record Keeping - to name a few.
- Specialist's professional fees if we need to engage a tax expert or lawyer for an opinion or defence.

The Audit Protection Service:

- Provides 100 percent coverage of fees - there is no excess for you to pay.
- Is tax deductible.

For more information about audit insurance contact Emma Sells on 03 5021 1110.



Never Underestimate Selling

My article in the last newsletter "Cash is King" is even more important now as in these uncertain times monitoring your cash flow and those tips outlined will be a great shield.

Assuming you have the cash flow controls in place, you need to work on increasing sales, whether that is replacing lost sales or finding new ones to cover the increased costs due to inflation pressures.

I believe the importance of "selling" can never be underestimated.

We sell on a daily basis - not only to customers but everyone that we interact with. For example we "sell" to the bank that we are worth lending to.

The key is understanding what is important to the person you are dealing with, then presenting information they require to make their decision.

Following our example the bank will want to know that you are a person of integrity, that you will honour and pay back the loan.

Don't be fooled though - you can't trick people into buying things if you seriously want to succeed in business.

You must be looking at what the customer wants, what is driving their decision? Can you service that need?

Before dealing with customer try answering these questions:

- What is your products unique selling proposition? What does it do? Can it be applied in different environment (is the market bigger than you realise)? Are there additional products/services that you can sell?
- Why should people buy your product? What are all the logical and emotional reasons why people should buy your product?
- Have you studied your competitors to see whether they follow any sort of patterns? (This includes in pricing, the type of products they promote and certain specials they may run.) What impact does this have on your business? And what can you do working around this?
- Have you decided whether it is better to take early markdowns on seasonal or style goods or to run a clearance sale at the end of the season?
- Have you made regular annual sales, such as anniversary sales, winter clearance, or holiday cleanup, so popular that many customers wait for them rather than buying in season?

- Do you know how your customers make their comparisons - by reading newspaper advertisements? Store shopping? Hearsay?
- Are you trying to appeal to customers who buy on price alone? To those who buy on quality alone? To those who combine the two?
- Do you take note when your customers tell you that your prices are higher or lower than your competitors?
- Do you know which items (or types of items) your customers leave on the shelves or stop ordering when you raise the price?
- Will your customers buy more if you use multiple pricing? (Offering a lower price when customers buy in multiples.)

By considering these questions you can then better target your advertising, selling technique or sales campaign to generate those extra sales.

Another year has flown by with Christmas a heart beat away. I would like to wish you and your family season blessings.

I thank you for your support during the year and look forward to another exciting and challenging year working together.

Rob McGauchie
Proud Partner of DHM Partners

Freedom Plus
Total Administration Solutions

In the end it's the quality that counts!

Have Freedom With Your Business

Freedom Plus can take care of all your bookkeeping needs, systems establishment and training, procedures audit and assessments, weekly/monthly payroll preparation and management and temporary staffing solutions.

Freedom Plus is now also authorised to on-sell MYOB and QuickBooks programs.

Something For Nothing!

Freedom Plus is offering their expertise knowledge to check your BAS... absolutely free! If you complete your own BAS and would like the peace of mind of having it checked before it's lodged with the ATO contact Freedom Plus.



Our New Team Members



Bree Freckleton

I took up my position within this company as director of first impressions in April 2008. Previously I had worked in the bookkeeping and finance industry after completing VCE in 2005. I have completed Certificate Three in Financial Services and am currently undertaking my Diploma in Accounting. Studying for my Diploma keeps me very busy. When I am not working or studying I like to spend time with my family and friends, play with my two dogs - Molly and Elle - and play netball. I also like to have a camera in my hand most of the time so I can capture memories of everything I do. Working at DHM Partners is really enjoyable - everybody is great to work with and very helpful and it is a pleasure meeting clients and making friendships in and out of the office.



Lauren Higginbotham

I have been working for DHM Partners since November 2007. I'm employed with the company part-time to carry out general office duties and management of files and records. Prior to working at DHM Partners I was a stay-at-home mother, looking after my three children for nearly five years. I really enjoy my work and find it challenging but very rewarding. As I was born in Mildura and grew up on a block in Gol Gol, I'm delighted to have settled back on home soil after living in London and travelling through Europe and Canada for a number of years before starting a family. When I'm not at DHM Partners you will probably find me running around at one of the many different sports my children play (baseball, cricket, dancing, swimming and tee-ball) or if I have a spare moment to myself I like to stay at home and relax.



Matthew Murphy

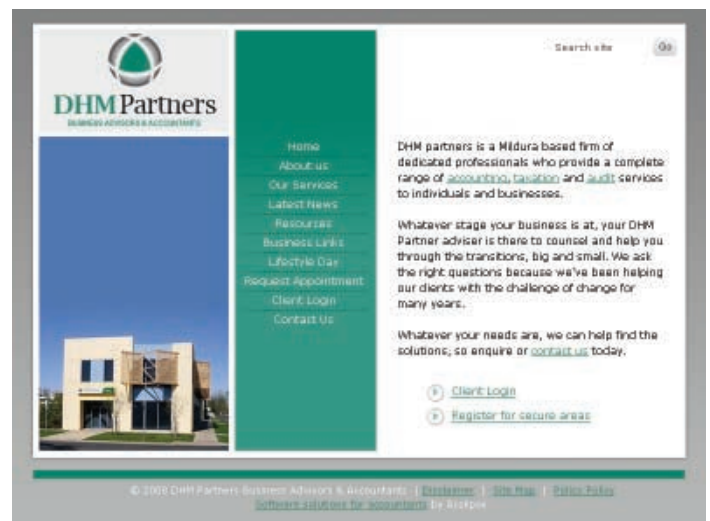
I started working with DHM Partners in April this year as a trainee administration assistant. Working with this firm has allowed me to gain invaluable experience as well as continue on with my Certificate III in Business Administration which I am completing through MADEC. In my eight months here I have learnt a lot and I have thoroughly enjoyed working with such friendly, supportive colleagues. At the moment I am working in an area that I really enjoy - IT. Working with computers has been an area that I have been interested in for some time and I am appreciative of having the opportunity to work in this field. I really enjoy working at DHM Partners and my goal is to develop my knowledge and expertise in my current role.

New-look Website

DHM Partners are delighted to have unveiled their new-look website. A more modern and sophisticated website has been planned for a while and now the wait is finally over

Thanks to Acclipse the website has been completely made over and some new features have been added. These extras include the comfort of DHM Partners clients being able to log into their own individual area on the website. DHM Partners staff will be able to use the secure area to upload confidential documents for each client and vice versa, clients will be able to send documents back to DHM Partners, making this a quick and easy way to exchange information securely.

The website also integrates with Banklink, allowing DHM Partners clients to upload their banking transactions to their secure area and enter the expense details. An email notification will be automatically sent to the appropriate person (be that DHM staff member or client) when correspondence is uploaded on the website. Appointments to see one of DHM Partners' accountants or one of Freedom Plus' bookkeepers will also be able to be scheduled via the website.



By making these changes to our website, DHM Partners hope to strengthen our relationship with our customers by providing more options to keep in touch, wherever they may be. You can view the new website at www.dhm-partners.com.au



DHM Partners
PREFERRED BUSINESS ADVISORS

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Warren E Buffet - "Buy American, I Am"

The financial world is a mess, both in the United States and abroad.

Its problems, moreover, have been leaking into the general economy, and the leaks are now turning into a gusher.

In the near term, unemployment will rise, business activity will falter and headlines will continue to be scary.

So ... I've been buying American stocks.

This is my personal account I'm talking about, in which I previously owned nothing but United States government bonds.

(This description leaves aside my Berkshire Hathaway holdings, which are all committed to philanthropy.)

If prices keep looking attractive, my non-Berkshire net worth will soon be 100 percent in United States equities.

Why?

A simple rule dictates my buying: Be fearful when others are greedy, and be greedy when others are fearful.

And most certainly, fear is now widespread, gripping even seasoned investors.

To be sure, investors are right to be wary of highly leveraged entities or businesses in weak competitive positions.

But fears regarding the long-term prosperity of the nation's many sound companies make no sense.

These businesses will indeed suffer earnings hiccups, as they always have.

But most major companies will be setting new profit records 5, 10 and 20 years from now.

Let me be clear on one point: I can't predict the short-term movements of the stock market.

I haven't the faintest idea as to whether stocks will be higher or lower a month - or a year - from now.

What is likely, however, is that the market will move higher, perhaps substantially so, well before either sentiment or the economy turns up. So if you wait for the robins, spring will be over.

A little history here: During the Depression, the Dow hit its low, 41, on July 8, 1932. Economic conditions, though, kept deteriorating until Franklin D. Roosevelt took office in March 1933. By that time, the market had already advanced 30 percent.

Or think back to the early days of World War II, when things were going badly for the United States in Europe and the Pacific. The market hit bottom in April 1942, well before Allied fortunes turned.

Again, in the early 1980s, the time to buy stocks was when inflation raged and the economy was in the tank.

In short, bad news is an investor's best friend. It lets you buy a slice of America's future at a marked-down price. Over the long term, the stock market news will be good.

In the 20th century, the United States endured two world wars and other traumatic and expensive military conflicts; the Depression; a dozen or so recessions and financial panics; oil shocks; a flu epidemic; and the resignation of a disgraced president.

Yet the Dow rose from 66 to 11,497.

You might think it would have been impossible for an investor to lose money during a century marked by such an extraordinary gain. But some investors did.

The hapless ones bought stocks only when they felt comfort in doing so and then proceeded to sell when the headlines made them queasy.

Today people who hold cash equivalents feel comfortable.

They shouldn't.

They have opted for a terrible long-term asset, one that pays virtually nothing and is certain to depreciate in value.

Indeed, the policies that government will follow in its efforts to alleviate the current crisis will probably prove inflationary and therefore accelerate declines in the real value of cash accounts.

Equities will almost certainly outperform cash over the next decade, probably by a substantial degree.

Those investors who cling now to cash are betting they can efficiently time their move away from it later. In waiting for the comfort of good news, they are ignoring Wayne Gretzky's advice: "I skate to where the puck is going to be, not to where it has been."

I don't like to opine on the stock market, and again I emphasize that I have no idea what the market will do in the short term. Nevertheless, I'll follow the lead of a restaurant that opened in an empty bank building and then advertised: "Put your mouth where your money was."

Today my money and my mouth both say equities.

*This article was sourced from The New York Times, October 17, 2008. It was written by WARREN E BUFFETT, chief executive of Berkshire Hathaway, a diversified holding company.

Freedom to Travel!

Going away on holiday over the Christmas/New Year period?

We've all experienced the pre-Christmas rush and when it comes to the festive season we understand the desire to enjoy some time off, a holiday - time with family and friends - and relax.

Leave the worry of your banking and mail to Freedom Plus.

We can pay your bills and collect your mail daily through the *Freedom to Travel* initiative.

Best of all, Freedom Plus can contact you weekly, if desired, to let you know how things are going.

Freedom Plus can also alter their *Freedom to Travel* plan to lend a hand to the elderly who might have trouble keeping on top of their account payments, banking and mail.

For further information contact Freedom Plus on (03) 5021 2152.

Managing Business Risk in the Face of Changing Employment Laws

Towards the end of the year the Government's next wave of workforce reforms will start rolling into place and will impact on all business owners - regardless of your business size.

It is critically important you understand how the changes will affect your business and then start getting your house in order.

The Christmas /New Year period is a great time to make sure you are prepared and ready, so act now!

In summary:

There'll be a substantially reduced safety net for businesses employing less than 100 employees with the new Unfair Dismissal Laws implemented mid next year.

The primary remedies for a successful unfair dismissal claim are the reinstatement of the employee or up to six months salary.

If you don't have in-house expertise to manage compliance with employment law - seek a trusted source to ensure you fully manage your risk.

Be aware! The fines or remedies will be equal to that experienced by big business - no

business will be exempt which is why business owners need to act now.

How can you manage your risk?

Start by asking yourself these critically important questions:

- Do you have legally compliant written employment contracts?
- Do you update your contracts when you make changes to employment terms and conditions e.g. when promoting?
- Do you have workplace rules and policies describing the behaviour that is expected of your employees?
- Do you have simple yet effective workplace processes for hiring and exiting?
- Do you have a disciplinary procedure which has been clearly communicated to all your employees?
- Do you keep appropriate, up-to-date employee records?

Getting organised:

The importance of committing such matters to writing cannot be over-estimated.

Pay particular attention to your employment agreements, code of conduct, workplace policies, probation periods, performance reviews and warnings.

Remember it's sound business practice to manage people fairly by having well documented processes and procedures in place that deal with such critical issues.

Want to know more?

DHM Partners uses and recommends Workforce Guardian - Australia's most comprehensive inexpensive online employment relations service that helps employers navigate confusing employment law in order to properly hire, manage and exit employees.

Talk to your accountant or go to www.workforceguardian.com.au for more information about how Workforce Guardian can make it easy and affordable for your business to be compliant with Australian Employment Law.

Please note: This article is intended to provide commentary and general information. It should not be relied upon as legal advice. Formal legal advice may be necessary in particular transactions or on matters of interest arising from this article. Workforce Guardian Pty Ltd is not responsible for the results of any actions taken on the basis of information in this article, nor for any error or omission in this article.

**This information has been provided to DHM Partners for use in this newsletter from Workforce Guardian managing director ADRIENNE UNKOVICH.*

Free Electronic Calendar for Small Businesses

A new electronic calendar from the Tax Office is now available to help small businesses better manage their tax lodgement and payment deadlines throughout the year.

Tax commissioner Michael D'Ascenzo said *Your small business tax calendar* can be downloaded from the Tax Office website and provides reminders of lodgement due dates for small businesses, bookkeepers and tax agents.

"You can personalise the calendar in around ten minutes by answering some simple questions about your business, such as whether you're a sole trader or employ staff, and how often you lodge and pay your GST," Mr D'Ascenzo said.

"Based on your individual circumstances, the calendar then records all the due dates you need for the year, such as when to pay your employees' superannuation and lodge your business activity statement."

The calendar can generate reminders, including when a lodgement or payment is due.

If you find you can sometimes forget that BAS or tax time is coming around again and you need a gentle reminder to get your information to DHM Partners/Freedom Plus - then the calendar is perfect for you!

Small businesses can also:

- Record personal notes and reminders, such as appointments
- Update the calendar at any time if their business structure or reporting obligations change, and
- Print a one-page yearly planner for tax obligations and due dates.

If you run more than one business, you can set up a unique tax calendar for each business.

Your small business tax calendar is designed for small businesses, including sole traders, with turnovers below \$2 million.

Businesses should get the latest version of the tax calendar at the start of each financial year to ensure they have the latest information for lodgements and payments.

Download a free copy of the calendar by visiting the Tax Office website www.ato.gov.au

Aged Pension Reviews

Clients who receive the Aged Pension from Centrelink and have experienced a reduction in their assets due to falling share or property values should seek a review from Centrelink to see if they are entitled to an increased aged pension.

Additionally any clients of aged pension age who have previously been excluded from receiving the aged pension due to the assets test should either contact DHM Partners or Centrelink to see if they now qualify for the part pension.