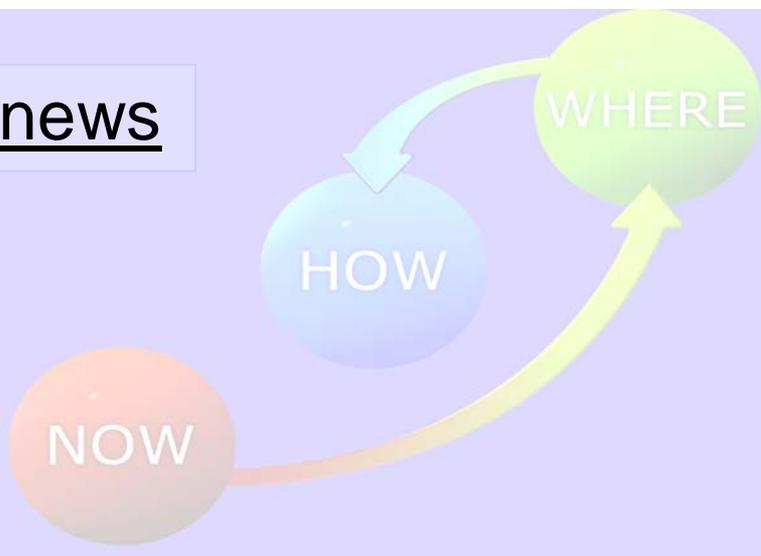


Bnews



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Welcome to the March 2015 Edition of Bnews. We are now offering Bnews via email or client portal. Please contact us if you wish to receive your information via email or client portal.

A message from Director, Chris Howe (ACA)



Chris is a senior partner and a director of Belmores. He has managed and grown the accounting business for more than 20 years. Chris provides general management consulting for primary producers, agribusiness and small to medium regional businesses. Chris

said the Belmores Group has a strong commitment to innovation and to offering local employment opportunities.

“Our team represents the greatest resource of our practice” he said. “We are able to serve your personal and business financial needs more comprehensively than ever before. The synergy of our people gives the practice its life and energy. Each one is distinctive and individual yet they are drawn together with a common objective. Individually and collectively our people represent the face of our practice.” Chris said he was

thrilled to announce the appointment of two new partners to Belmores, Paul Nieuwenhout and Bernadette McKenzie.

Introducing Belmores New Partners

PAUL NIEUWENHOUT, BBus (Acc) CPA



Paul is a qualified CPA who enjoys working with a broad client base from many industries, including primary production, manufacturing,

retail and trade. Paul grew up in Yarrawonga and first joined Belmores in 1990 and has over 24 years experience in public practice accounting. He is committed to Belmores and the local area. Paul has helped Belmores grow and expand from a single office accounting firm to a multi office regional practice.

Paul enjoys helping clients with business coaching including benchmarking client business' against their industry averages to see where there may be some scope for profit improvement. He sees the challenge in looking to do things differently, helping develop a



Important: This is not advice. Clients should not act solely on the basis of the material contained in this newsletter. Items herein are general comments only and do not constitute or convey advice per se. Also changes in legislation may occur quickly. We therefore recommend that our formal advice be sought before acting in any of the areas. The Newsletter is issued as a helpful guide to our clients and for their private information.

partnership with clients to increase profits, plan for the future and explain issues clearly. Paul enjoys utilizing his skills and knowledge to assist many different community groups with their financials reporting requirements. He feels there are so many local volunteers working tirelessly to build a better community for everyone that if we all do our bit, it makes the job easier and more fulfilling. In his spare time Paul enjoys family time with his wife and three kids, swimming, cycling, skiing, horse riding, camping, motor bike riding, restoring his old truck and travelling, with a view to one day complete the Bicentennial National Trail.

BERNADETTE MCKENZIE, BBus (Acc) CPA



Bernie joined Belmores in her role as a Business Services Consultant in 2009 after being headhunted by Belmores. She studied a Bachelor of Business (Accounting) at Charles Sturt

University and has worked in Albury and Melbourne. She has a strong affinity with the north east having lived the majority of her life in northeast Victoria. Bernie has extensive experience in advising clients across a range of industries including SME's, Primary Producers and Agribusiness. Bernie specialises in structuring business and tax strategies. Her depth of industry experience and positive manner help identify client objectives and ensures their comprehensive understanding of all the issues involved. Bernie is a founding member of Achieve Inspire Mingle, a forum for women to gather, share and celebrate their achievements. She enjoys tennis and netball and has been involved in a number of community groups including Lions and various sporting committees.

Belmores Secure Client Portal

We have recently set up a Secure Client Portal through Belmores website www.belmores.com.au The Portal is a web-based application used for secure file transfers and continued access between Belmores Chartered Accountants and our clients.

Your Portal User ID and login information will be provided via email. All documents made available for continued access such as a tax return or financial statement will remain on your portal for a period of 3 years in accordance with Belmores Chartered Accountants record retention and portal use policies. Our portal is extremely user friendly, with a total of 58 clients currently logging in and enjoying the convenience of having their information kept in a secure and safe location.

If you would like to begin using our Secure Client Portal, or would simply like more information, please contact your local office.

It's time to take advantage of Historic Low Interest Rates

With the recent cut in official interest rates by 25 bps interest rates are now at a generational low of 2.25%. The move in historic interest rates since 1997 is highlighted in **Table 1** that shows:

- Cash rates have fallen by 3.75% from 6.25%
- The BBSY rate (the measure for business and commercial loans) has fallen by 5.75% from 8.25%

Table 1



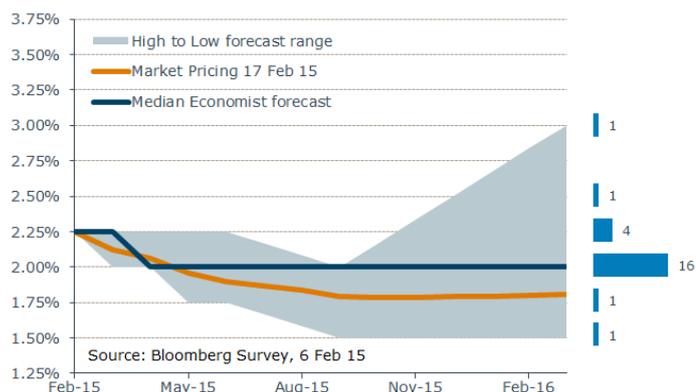
With the expectation of low economic growth and low inflation, most economists believe that the reserve bank will cut official rates by a further 25 bps in the short to medium term.

This then poses the question, is now the right time to fix my loan rates, or should I wait for official rates to bottom out?

While the reserve bank policy has a direct impact on variable rates, this does not necessarily apply to fixed rates.

As lenders source funds from a variety of sources, including overseas cash markets, fixed interest rates are determined by these markets and usually factor in expected market trends.

Table 2 highlights this as, while economists agree on one further official rate cut, the market has already priced this move and is reflected in fixed rate loans offered by the major banks.



This graph indicates that the market has factored in future cuts and this probably indicates that medium term rates will rise. This is supported by the economic recovery in the US and the likelihood of interest rates rising over there some time in the future.

Taking the opportunity to fix loan rates now will enable borrower's to:

- Lock in at historic low rates
- Provide certainty around future interest costs
- Accelerate the repayment of loan principal by maintaining loan repayments at pre cut amounts

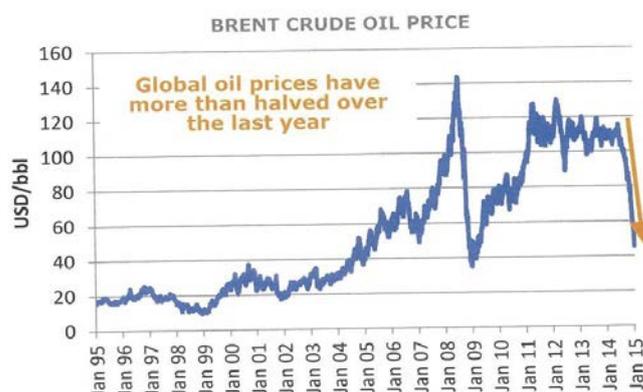
In deciding the term of the fixed rate loan the borrower needs to take into account the fact that there is a potential break cost if you choose to payout the loan early

And another saving opportunity

Global oil prices have fallen sharply over the last year with Brent Crude (a major benchmark for global oil prices) having more than halved over this period.

This has been the result of:

- Increasing supply primarily from the US shale production combined with OPEC continuing to maintain their supply levels despite price declines
- Weak global economy slowing demand especially from China and Europe together with reduced demand stemming from increased fuel efficiency and switching away to other energy sources



This has resulted in Australian diesel prices having fallen to their lowest levels in 5 years.

This sharp fall in fuel costs provides the opportunity for business operators, whose fuel is a significant cost in the running of the business, to lock in the benefit of these falls by hedging their diesel cost.

In the local area this will be of particular benefit for farmer, transport operators and bus operators.

While there are a number of options to hedge diesel costs, including call and put options, a relatively simple and cost effective way to do this is to use a Diesel Swap.



Diesel Swaps enable the user to exchange their underlying floating oil risk for a fixed price. This provides a high degree of certainty over the future cost of diesel. It also eliminates the need to store diesel onsite and run the risk of deterioration or contamination of the product.

Diesel Swaps are available from a number of Banks, so contact Bernadette McKenzie or Paul Nieuwenhout who will be able to assist you in locking in the benefits of low fuel costs.

Belmores Team Movements



We welcome Jordan Carney to our Yarrowonga Office. Jordan is currently combining work with study as he undertakes his university studies.



Joelle Soondrum works in the Self Managed Super Fund division. She joined Belmores in April 2014.



Stephanie Chanier joined our team in October 2014 where she completed an internship. She has taken up a 12 month position in the Self Managed Super Fund division at Belmores replacing Emma Wood who is currently on Maternity Leave.



Marcus Neal joined Belmores Wealth Management in February as a Financial Planner. Marcus has spent over 20 years working with Centrelink and comes with a wealth of knowledge.



Ben Douglass has joined Belmores Wealth Management as a Financial Planner. This builds on from the experience and knowledge that Ben developed while working in the superannuation area.



Helena O'Grady began working for Belmores Bright office in 2014. Helena combines the administration of Body Corporates and accounting duties.

Jo Newham joined our Numurkah Office in September 2014. Jo is a CPA who has previously worked with Logan & Associates.

Breanne Whitelock and her husband Tim welcomed their first child Ruby, in 2014. Breanne has since resigned from her position at Belmores Wealth Management.

Cory Preston joined our Belmores Wealth Management team replacing Breanne while she was on leave. He has recently resigned and is looking at pursuing a career in building/engineering.

Brian Westgarth retired at the end of 2014. We thanked Brian for his seven years of service and wish him well in his retirement.

Belmores Community Fund

In November 2014, the male staff at Belmores took part in Movember where they managed to raise over \$2,200. Well done boys. It was a long month but they persevered and made it to the end.

