



Partner Solution Series

Eventum Optimum (“EO”)

With Michael Jeffriess from
LightYear Docs + I Love Accounting



LYD Partner Solutions Series

**PARTNER SOLUTION
SERIES WITH
MICHAEL JEFFRIESS**



**PARTNERS, SOLUTIONS,
PRACTICE MANAGEMENT,
APP STACKS AND MORE.**



Every second Thursday / 12:30pm AEDT

REGISTER [LIGHTYEARDocs.COM.AU](https://lightyeardocs.com.au)



- LYD Partner Solution Series – launched in 2021
- Fortnightly webinars – Thursday
- A series of sessions run by LightYear Group Director and CEO of I Love Accounting – Michael Jeffriess
- Partner Solutions that complement LYD Strategies and Documents
- Plus insights into other areas such as technology applications and stacks, practice management, and many more.



Providing
Solutions,
Strategies and
Support to be
your **Best**

LYD Partner Solutions – LYD + EO



Today's Webinar – Topics to be Discussed

- Business turnaround and insolvency – what are your client's options
- Key indicators, Solutions + Documentation
- Asset protection for your clients in times of turbulence
- Securing your client's positions – PPSR, Mortgages, etc
- Deep dive into case studies
- And drum roll..... Release of an EO checklist for LYD Members

EO working with LYD Docs



- Documents
- Strategies
- Training & Technical Support

SUPPORT SOLUTION



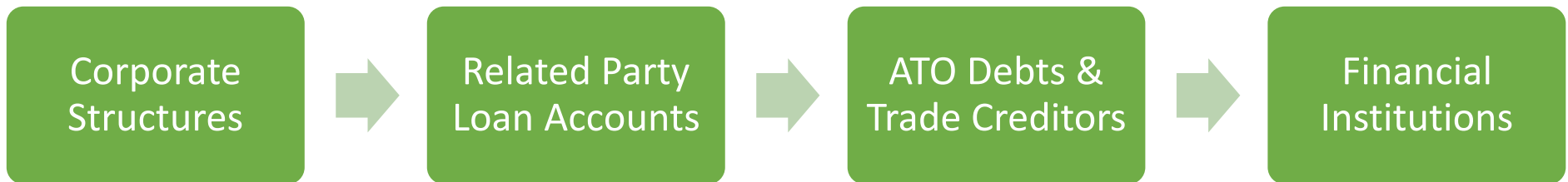
- Registration of Documentation
- Business + Individual Asset Protection Strategies & De-risk - Turbulence
- Creditor + Business Predator Negotiations – the “hard” stuff
- Liquidator appointment + Negotiations
- Funding + Finance Solutions
- Secure Director / Shareholder Loans, UPE’s
- Valuations + Assessments - Management



EO – Are you clients Assets Protected? How well?



- EO provides solutions to ensure fair representation to company directors & individuals experiencing financial challenges
- What does that mean?



Corporate Structures

- Protect your business assets
 - When? Now!
- Do a Corporate Restructure
- Trading using one entity is usually not the best structure
 - Hold IP & Plant in a separate structure
 - Get the IP and assets valued, sell to an asset holding company
 - BUT what about Phoenix Activity?

Corporate Structures

- Choose Directorships with asset protection in mind
- Avoid unnecessary Directorships
- Avoid unnecessary PG's
- Avoid related party loan accounts
- Avoid tax grouping?
- Separate personal assets from the company assets



Related Party Loan Accounts

- Monitor and manage inter entity loans with asset protection in mind
- Act now – Secure all director liability loans on the PPSR immediately

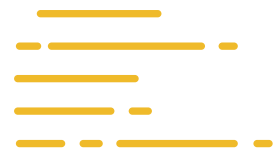
ATO Debts & Trade Creditors

- Lodge statutory obligations, ie. BAS statements and Superannuation Guarantee forms within required time frames
- Retain a copy of all credit applications signed
- Read credit applications properly before signing with special attention to caveat and equitable interest clauses. Consider striking these off



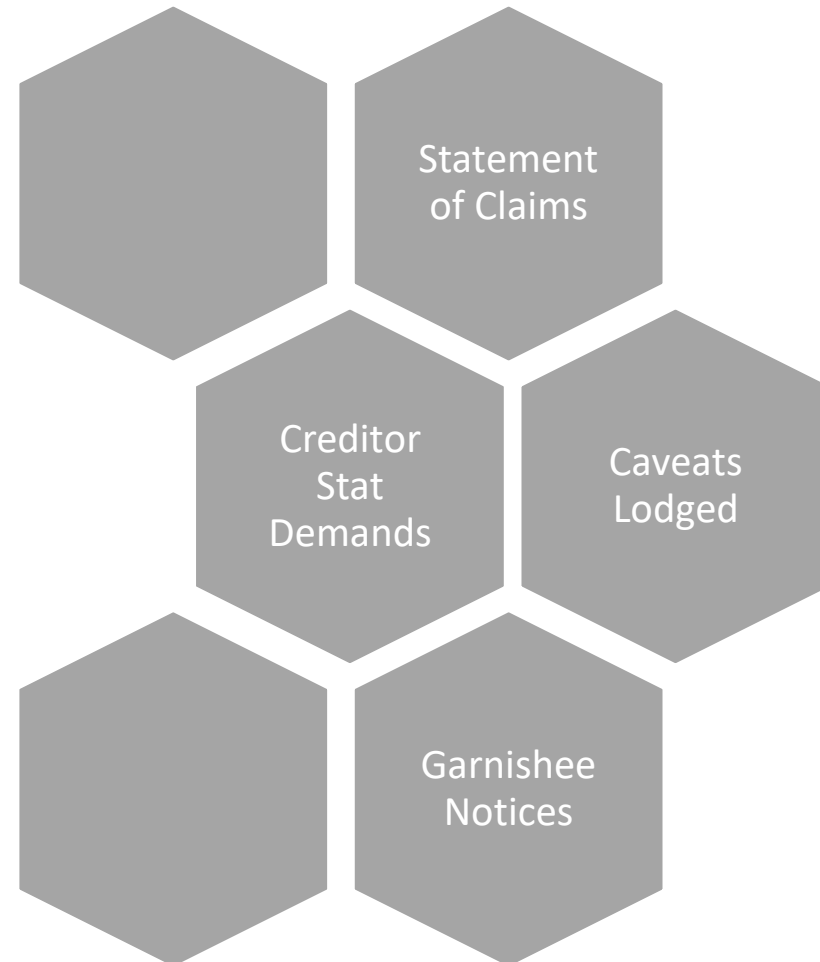
Financial Institutions

- The more separation, the better
 - Avoid having all your eggs in one basket
- Remove the family home from the banks security mix
- Know what your lending covenants are
- Consider the use of debtor finance?



Current Issues + Warning Signs

- ATO Actions
- ASIC – Phoenix
- 1 Year Bankruptcy
- Safe Harbour Provisions



Case Study

THE FACTS

- John and Elaine ran a small electrical business XYZ Pty Ltd, with Bob being an electrician and Elaine running the admin
- The company employed several staff and had several vehicles and some tools and equipment
- Personally, Bob and Elaine have two properties, a house they live in and an investment property
- Unfortunately, XYZ Pty Ltd experienced the loss of a major client and in an effort to replace the revenue from that client XYZ Pty Ltd spent a lot of monies on advertising and trying to grow the business.

Case Study

THE FACTS

- The revenue was never replaced and the company found itself with net debt of almost \$700,000.
- Bob, as the Sole Director of XYZ Pty Ltd, had given personal guarantees to suppliers and over the company vehicles.
- Bob had also received notification from the ATO that he had Director Penalty Notices as the company had got behind in superannuation and PAYG. This meant he was personally liable for those debts.
- Despite their best efforts to make payments to creditors, the ATO and trade creditors and enter into payment plans where possible, it soon became evident that they were unable to do so. The business was profitable but legacy debt was overwhelming them.

Case Study



- John and Elaine decided to restructure the business whereby all assets of the company were sold to a new entity.
- Business Assets had to be valued to establish commercial market values. This is imperative and any transfer at non-commercial prices is illegal and can be overturned at a later date. Full sale documentation was put in place and actual funds were transferred.
- Employee entitlements were taken over by the new entity and clients were given the opportunity to deal with the new entity, most of whom did.

Case Study



- XYZ Pty Ltd was placed into liquidation and all the debtors were collected by the liquidator. Any net credit was then passed to creditors by the liquidator.
- John, who had given personal guarantees, negotiated a commercial settlement with those creditors.
- The properties were sold to Elaine via a deed of equity and Elaine become the Sole Director of the new company.

Case Study

RESULTS

- The result of this was that John and Elaine were able to keep their properties, the business was able to resume without its legacy debts and all employees retained their jobs.
- John was required to make a commercial settlement but he has been employed by the new company on wages and now Elaine is running a successful small business without the legacy issues that arose from the loss of a major client years before.
- Elaine is diligent with her ATO lodgements and continues to meet all ongoing business costs out of business income.

Case Study



- This shows the importance of having one party as the Director for risk management and the other party as the asset holder
- At all times BAS should be lodged to avoid DPN's – DPN's for GST and PAYG could have been remitted if they were lodged on time (despite not being paid)
- If an Asset Holding Company was set up – there would have been no need to pay for and transfer plant and equipment and other assets to the new entity. With proper PPSR and agreements in place, they would not be exposed to trading company risks
- There are ways to protect personal assets – and steps should be taken before financial distress to do this

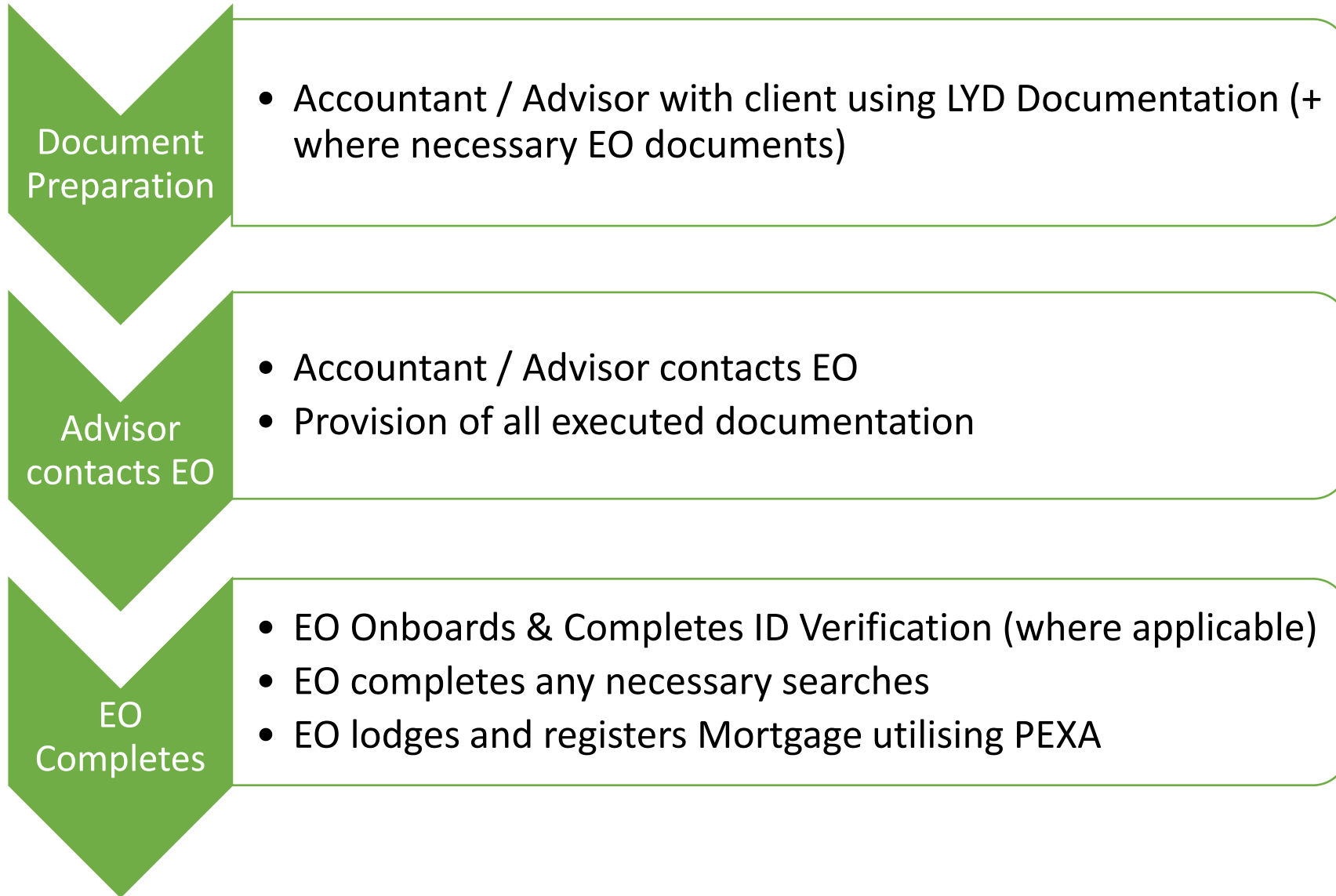
Case Study



- If a client faces matters head on – usually a better solution can be found. For example, most creditors are reasonable if you contact them direct and not avoid calls
- Often legacy debts are insurmountable and there are solutions out there to manage this situation; and
- This area of the law is closely monitored by regulators and at all times, proper process must be followed.

SEEK ADVICE BEFORE PROCEEDING!!!

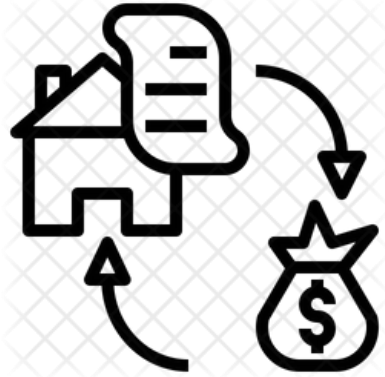
Solution - Mortgage Registration Process



Mortgage Registration – what documents?

- VOI = Verification of Identification
 - How? Via Email + SMS
 - Need? Full names of each party, email address for each party, mobile phone number for each party
- CAF = Client Authority Form
 - Need? A separate CAF for each party
 - If there is a company then a CAF from director on behalf of the company
- National Mortgage Form
- Copies of documents in relation to Mortgage – Protector, Trust Deeds, etc
- Title Search
- Company Extract

Mortgage Registration – via EO



Other

- Existing First Mortgage
 - Consent needed?
- Title
- Company Extract
- Duty Payable
 - Settlement services required
- Additional services
 - Mortgages & Discharges
 - Caveats & Withdrawals of Caveats
 - Other registration services available

Solutions - Property Assessments



- Transferring from individuals to structure
- Equity into a structure

Property Value	Fee (including GST)
\$1 - \$499,000	\$550
\$500,000 - \$999,000	\$660
\$1,000,000 - \$1,499,999	\$770
\$1,500,000 - \$1,999,999	\$880
\$2,000,000 - \$2,999,999	\$1,100
\$3,000,000 - \$3,999,999	\$1,650

Other Valuations

- Business
- Plant & Equipment
- Other assets

Pricing – Exclusive to LYD Members



- Mortgage registration = **\$440 + Disbursements**
 - External disbursement fees - \$300 to \$400 (registration fee, title search, company extracts, etc)



Personal Property
Securities Register

- PPSR Registration = **\$110 PPSR only**
- PPSR + Revolving Loan & Security Deed = **\$275**
- **Advice in relation to PPSR – Quote** (important to get it right!)

Send Registrations to this Email



REGISTRATIONS@EVENTUMOPTIMUM.COM.AU

YES



Stamping Solutions – via EO



- Trust & SMSF Deeds
- Other stamping services available
- State Revenue & Land Tax clearance services
- Both online daily services or where applicable over the counter via service agents

Stamping of Trust Deeds



Note: below costs are for duty costs only. Fees for arranging stamping apply. Refer EO Pricing Schedule or contact EO directly. You can still get deeds stamped in other states with \$0 duty payable

State / Territory	Trust's – D/T + U/T	SMSF's	Timeframe
NSW	✓ \$500 (\$10 per counterparty)	✗	< 90 Days from Deed Date
QLD	✗	✗	N/A
VIC	✓ \$500 (\$0 per counterparty)	✗	< 30 Days from Deed Date
SA	✗	✗	N/A
WA	✗	✗	N/A
TAS	✓ \$50	✓ \$50	N/A
ACT	✗	✗	N/A
NT	✓ \$20 (\$5 per counterparty)	✓ \$20	< 60 Days from Deed Date

Checklist!!!!!!

EO Checklist for Attendees who are LY Members – released today!!!

CHECKLIST FOR ACCOUNTANTS - CLIENT RISK AREAS

Tick the box if applicable

Client: _____



POTENTIAL PERSONAL LIABILITY – COMPANY DEBTS

- Non lodgement of BAS** – resulting in Lockdown Director Penalty Notices (DPN) in relation to PAYG.
- Non lodgement of SGC returns** – resulting in Lockdown DPNs in relation to unpaid superannuation.
- Div 7A loans** – these loans are repayable to the company.
- Personal Guarantee Register** – should a personal guarantee register be established? Check for caveatable interests.
- Building companies** – if Deed of Covenant has been given, establish terms. (If applicable.)

STRUCTURAL ISSUES

- Individuals as Trustees of Trusts** – could expose the individual.
- Both spouses acting as Directors** – exposes both parties to risk.
- Family home in the name of. or loan payments made by. the Director/risk taker** – will expose

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