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# April 2009

## Client Newsletter

**From the desk of George Pantahos, FCA**

**8 April 2009**

### Cash rate down to a 49-year LOW

THE Reserve Bank has cut interest rates to 3 per cent, giving homeowners a boost as Australia's jobs outlook deteriorates.

The **Commonwealth Bank** was the first to move, cutting the rate on its standard variable home loans by 10 basis points to 5.64 per cent.

Treasurer Wayne Swan said the RBA's decision was a "positive announcement" and he hoped the banks would pass on the cut as soon as possible.

In his statement released at the time of the decision, **RBA governor Glenn Stevens** said although mortgage rates were at "very low levels" by historical standards, the board "judged that there was scope for a further modest adjustment to the cash rate."

The **National Australia Bank** said it would not be able to pass on any cut, blaming the increasing cost of sourcing funds from overseas.

Both Westpac and ANZ said their rates were "still under review".

UBS chief economist Scott Haslem said the Reserve Bank was likely to follow up yesterday's modest 0.25 per cent cut with a similar move next month in a bid to keep confidence ticking upwards.

Our "**What's News?**" section is available to clients of the firm wishing to make an announcement of what is happening in their business. (Call or email us for inclusion in one of our next issues. <mailto:info@pantahos.com.au>)

## **MANAGEMENT MATTERS**

### **Plan now and get ahead of the pack**

In our previous newsletter, we looked at strategies to minimise the impact of the downturn on your business and identified three key areas of concern: cash-flow; stock management; and banking relationships.

My experience in consulting with various businesses is that the current economic downturn will affect different businesses in different ways.

Some industry groups are feeling a mild dose of the downturn while others have taken a direct hit – e.g. resource sector.

It is therefore crucial that you determine the effect of the economic downturn on your business. Now is the time to develop plans and strategies to deal with the potential impact and position your business to take advantage of any opportunities.

You need to look at your business from a number of different angles including resources, customers, suppliers, products etc.

In this issue we look at two of the most important aspects of your business that require your undivided attention during these challenging times.

- 1. Customers**
- 2. Opportunities**

### **Your Customers**

So who are your customers and how well do you know them? Understanding your customers and how the downturn will impact on them is crucial if you are to develop a relevant strategic plan.

- Who are your "A Class Customers" or target group?
- What is the impact of the economic downturn on this group?
- How will this impact on your business (profits, people, cash flow, growth)?
- What are you doing to ensure that you will remain their preferred supplier – now and in the future?

### **Opportunities**

Periods of economic change also create opportunities.

Make sure you are positioned to take advantage of new opportunities. This is a time to get ahead of the pack!

Finance costs are falling but access to funding is becoming increasingly difficult. Consider developing a finance strategy to take advantage of the historically low interest rates.

What other opportunities could you explore in your business? e.g. staff/people, plant & equipment, innovation and diversification.

*" If opportunity does not knock, go out and build a door "*  
**- Unknown**

I strongly recommend that you take the time to discuss these issues you're your key people and not in isolation.

It is also critical that you invest the time to develop profit projections and cashflow budgets. By pass this step at your peril.

The next two years are going to be challenging for most businesses.

**The good news is that with effective planning and implementation good businesses will emerge even stronger, whilst their competitors fail.**

If I can be of any assistance in working on the issues and developing strategies and action plans using a proven process, please contact me directly by phone or email.

(Click here ⇒ [george@pantahos.com.au](mailto:george@pantahos.com.au))

## **TAXATION MATTERS**

### **Businessman jailed for GST fraud**

A Victorian businessman has been sentenced to three years by the Victorian County Court for **GST fraud of over \$400,000**. Darrel Whitney, 42, of Latrobe Valley pleaded guilty to 39 counts of obtaining a financial advantage by deception.

The court heard that between 2001 and 2005, Whitney deliberately **falsified his activity statements** to include extra sales and purchases that were never made.

Tax Office checks uncovered the fraud and further investigations led to charges.

Tax Commissioner Michael D'Ascenzo used the case to send a strong message to the community that tax fraud doesn't pay.

"Tax fraud ultimately affects everyone in the community by placing an unfair burden on honest taxpayers," Mr D'Ascenzo said.

"We are continuing our strong focus on refund fraud by strengthening the tools and techniques we use to identify these transactions."

For more information or assistance with any of the above, please call us.

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**- Unknown**