



# ON THE PULSE

Fortuna e-Newsletter

FNL April 18

## Is Your Small Business on the Verge of Extinction?

The fourth industrial revolution is fundamentally changing the way we live, work and connect with people around us. At a time like this, small businesses have little choice but to fight - a fight to survive.

During the first Industrial Revolution in the mid-1700s, manufacturing was normally done in peoples' homes, mainly using hand tools. Around the same time, the first simple machines began to replace manual labour. For the first time, people used water and steam to mechanize production.

For the Second Industrial Revolution, instead of having large amounts of unutilised labour, electrical energy empowered businesses to mass produce. Cities were built, productivity was improved and affordable merchandise was made available for people.

The third industrial revolution unfolded a new-found way of life for companies based on electronics and information technology to automate production. While the internet ushered in globalization, some firms crumbled under increased competition while others increased their sales, grew exponentially and found a way to survive during unstable times.

Now, as computers grow ever faster and more powerful, we're on the edge of another Industrial Revolution— the fourth revolution. This revolution is building on the third and blurring the lines between physical, digital, and biological spheres.

The new revolution is changing entire systems of production, management and government, drastically disrupting nearly every industry worldwide at unprecedented speeds.

The possibilities of billions of people connected by mobile devices, with unparalleled processing power, storage capacity, and

access to knowledge, are unlimited. Furthermore these possibilities will be multiplied by emerging technological breakthroughs in fields such as artificial intelligence, robotics, the Internet of Things, autonomous vehicles, 3-D printing, nanotechnology, biotechnology, materials science, energy storage, and quantum computing

### Impact on Businesses

New technologies that serve current customer needs in novel and dynamic ways are significantly disrupting existing industry value chains. This means that, through the supply side, agile and innovative companies, using global digital platforms can oust well-established businesses faster than ever by improving the quality, speed or price at which value is delivered.

On the demand side, shifts in the need for increased transparency, consumer engagement and new consumer behaviors (built upon access to mobile networks and data) are forcing companies to re-invent the way they design, market and deliver products and services..

The fourth industrial revolution will at large have an unmistakable impact on:

- [Customer Expectations](#)
- [Product enhancement](#)
- [Collaborative innovation](#)
- [Organizational structures](#)

Overall, the relentless shift from simple digitization (the Third Industrial Revolution) to innovation based on combinations of technologies (the Fourth Industrial Revolution) is forcing companies to reexamine the way they do business in order to stay alive!



## At A Glance

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*"Fortuna staff have always listened to what I need and then provided me with excellent support, advice and strategies to achieve my business and financial goals."*

**- Michelle Du Plessis**

*Director  
Body Logic Physiotherapy: Joondalup*



# Don't Miss

## Deadlines:

<b>21 April</b>	March '18 IAS
<b>28 April</b>	Q3 BAS (Paper lodgement)
<b>28 April</b>	Last date for Q3 Super guarantee contribution payment
<b>15 May</b>	2017 Tax Returns for all remaining entities
<b>21 May</b>	April '18 IAS
<b>21 May</b>	Last date for lodging FBT Return (Paper lodgement)
<b>28 May</b>	Pay FBT Annual Return due date
<b>5 June</b>	2017 Tax Returns for all remaining entities where tax return is not required earlier
<b>21 June</b>	Lodge & pay May '18 IAS
<b>25 June</b>	2018 FBT annual return for tax agents (Electronic lodge-)
<b>30 June</b>	Super guarantee contribution payment in order to qualify for tax deduction in '17-'18 FY

# Industry Trends & Updates

## Government announces new penalties for financial crimes



Speaking after the infamous resignation of the AMP chief executive, Craig Meller, the treasurer of Australia announced that individuals found guilty of the most serious breaches of the Corporation Act would now face either a maximum of 10 years imprisonment or fines of either \$945,000 or three times the benefit they have received as a result of their misconduct

(Source: The New Daily)

## Online retailers growing while larger retailers face challenges



Shares in many of Australia's best-known retailers are sinking sharply (compared to previous years) amid fierce competition from online businesses. This opportunity has seen online retailer Kogan, quadrupling its share price and fashion jewelry retailer Lovisa tripling its own. According to CMC Markets chief market strategist, Micheal McCarthy, the generic department store

model is under threat and technology is opening the playing field for new players to capitalize on the changing purchasing trends of customers.

(Source: The Sunday Times)

## 'Red flags': The ATO is cracking down on work deductions and rental properties



With more than 1 million Australians negatively gearing their rental properties each year, Tax Commissioner Chris Jordan has put Australians on notice that the ATO will be cracking down on illegitimate deductions. The warning follows recent random audits of thousands of taxpayers across the country with work-related expenses and rental property deductions.

(Source: The Sydney Morning Herald)

Industry)

## Australian farmers key to EU trade deal

Australia will put the nation's farmers at the center of a possible free trade deal with Europe, with Prime Minister Malcolm Turnbull set to make clear that open access to European Union agricultural markets is vital. The EU is, as a bloc, Australia's second-biggest trading partner and third-largest export market.

(Source: The West Australian)

# Biz Quotes

On recommendation from a client, we included this 'Inspirational Quotes' section. If you come across something you like, please send it to [admin@fortunaadvisors.com.au](mailto:admin@fortunaadvisors.com.au) for the next issue

If you don't have a  
**BIG HEART**  
you will not succeed

Li Ka Shing via Gecko2Fly

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On The Pulse

## Fortuna App

To help Understand and improve Financial Control

Logbook  
Calculators  
Business News  
Personal Budget  
Income & Expenses  
Accounting Apps

...and many more

## Download it Free



Discover groundbreaking insights into your finances



# Among Our Valued Clients

## West Coast Aikido Martial Arts Academy of Western Australia

Aikido is a martial art that is practiced by millions of people of all ages throughout the world. Many practice Aikido as a form of non-violent self-defense, but many also train in Aikido for the mental and spiritual benefits that it provides.

At the West Coast Aikido Academy, training is conducted in a safe, structured environment, free of egos. Regardless of age, fitness level or physical limitations Master Ross Taylor and his team of senior instructors can help students learn this incredible martial arts and unique way of life.

As a nonviolent martial art and a spiritual discipline, Aikido improves all areas of one's life.

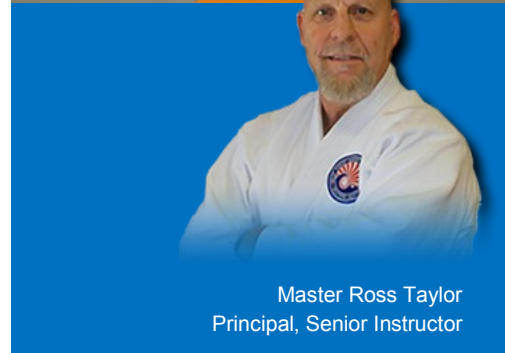
This reduces stress, improves fitness, helps become more self-disciplined, have greater focus, awareness, confidence, elevated self-esteem and get more out of life!

Since 1993 West Coast Aikido Academy has trained thousands of local people from all walks of life, from the regular person off the street to emergency service workers, health professionals, armed forces, police and prison personnel. Why? Because Aikido is perfectly suited to controlling an opponent without causing serious injury.

Put simply, if one is attacked, the Aikido training will enable self-defense, without causing undue harm to the attacker.

West Coast Aikido Academy is dedicated to helping its students acquire practical self-defense skills whilst reducing stress, and getting into the best shape of their life!

合氣道



Master Ross Taylor  
Principal, Senior Instructor

## From the Owners' Desk

**What makes your organisation different from any others?**

We care about our students and want to help them develop into valued members of our community. We do this by providing a unique and positive culture and learning environment where mutual respect is paramount and therefore helping students to develop themselves physically, mentally and spiritually.

**What is the toughest challenge that your organisation has been faced with and how did you overcome the same?**

Today's economy has been very tough, especially for small businesses such as ours. To overcome this we have had to work a lot smarter and leaner utilizing more internal referrals, personalized client service and more guerilla tactics to advertise our service.

**What is your agenda/ vision for the business over the next 3 to 5 years?**

Maintain our reputation within our industry by continuing with our excellent customer service. Keep growing our client base. Developing more leaders

within our organization and looking to expand our operations to more schools within our local community.

**What can small and medium business owners learn from your organisation?**

Over the past 25 years we have built a unique culture that is welcoming by providing an environment that is conducive to learning. We treat our clients with respect and go out of our way to provide them with the best customer service that we can. When people feel welcomed and respected they are more likely to want to come back and do business with you, and they will refer others to your business as well!

**Fortuna has been acting as your Accountants & Business Advisors. What do you feel are its key contributions toward your business?**

Fortuna provide a comprehensive and prompt accounting service where they are always available to help with any queries that we may have regarding accounting, tax or business matters.



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# Tips from the Expert

## Taking a new premises lease? Don't sign *anything*!

When selecting new leased premises for your business, tenants should be careful of two critical issues in the 'Offer to Lease' (OTL).

The OTL is the initial, short, high-level document which the parties normally sign at an early stage, setting out the key commercial terms. This document is then followed by the formal lease - a much longer and more detailed document.

Tenants commonly overlook certain critical issues at the OTL negotiation stage. After that, it is too late to raise these matters. The OTL normally requires the tenant to sign whatever formal lease the landlord gives them, without the right to conduct further negotiations at that time.

Due to high vacancy rates, the commercial rental market favors tenants in many parts of Perth. Many tenants believe they have done a great job by haggling the rent down and getting a large fit-out contribution or a long rent-free period.

But there are number of other issues which may arise under a lease which could result in the tenant incurring large expenses. In this market, a tenant will often have success in trying to negotiate further concessions from the landlord.

For example, a lease will often say that the tenant must repair the air-conditioning, but is not required to replace it if becomes uneconomical to repair. Commercial leases, however, only rarely provide that the landlord must replace the air conditioner in that case. So the air-conditioning cannot be repaired, neither party is liable to replace it. As a practical matter, however, if it gets too hot to work in the premises in summer, the tenant may have no choice but to install a new air-conditioner at its own expense. So it should include a clause that the landlord must replace the air-conditioning if that becomes necessary.

There are number of other issues in this category which involve the risk of substantial hidden costs. An experienced property lawyer will be able to review your draft lease before you sign it, give you a list of proposed amendments and ask which ones you want them to seek from the landlord.

Your lawyer can't do this, however, if you have already signed an offer to lease which commits you to sign the landlord standard lease. So get your lawyer involved *before* you sign anything.



And a standard OTL normally states that the tenant must pay the landlord's legal costs of the lease documentation. Tenants are often very surprised to get a bill of say \$2000, for what they often regard as the landlord's lawyer simply "pressing print on a word processor".

Tenants can address these issues by seeking to negotiate the following changes to the OTL before they sign it, in addition to any commercial changes they consider necessary, if the tenant did not get their lawyer involved at the OTL stage:

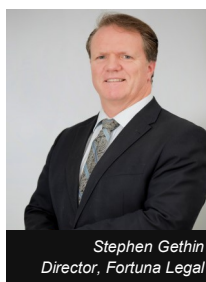
1. The tenant is free to negotiate the terms of the formal lease document when that is given to them later, and that they are not required to sign it if they do not agree with the terms. The downside is that it may leave the landlord free to walk away from the deal if it gets a better offer from another tenant, by providing a lease document that the tenant won't agree with, and refusing to agree to any requests for changes.

In this regard, the tenant is unlikely be any worse off than if they had just signed the OTL without this amendment, however. In that case the tenant would have to sign those lease terms anyway, and they can still take that option in this scenario.

In this market, however, it is often possible to find another premises, and having the deal fall through may be better than being locked into a lease which subjects the tenant to unreasonable costs.

2. The tenant does not have to pay the landlord's legal costs. In many cases landlords will now accept an amendment to the OTL stating that they must pay their own legal costs (ask for this first) or, at the least, that the tenant's liability to pay costs is capped at a modest amount, say \$750 – \$1500 (propose this as a fallback if the first request is rejected).

Of course amendments to any legal document, including something "informal" like an Offer to Lease, and the detailed lease agreement, should only be done by a lawyer.



Stephen Gethin  
Director, Fortuna Legal

# What's on

What sets us apart is our commitment towards the profession, to our clients and to society in general. Over time, our events have become increasingly popular. They cover a range of topics that are attracts people from all walks of life.

## Recently held events:

**28<sup>th</sup> Feb:** Fortuna Sundowner & Mobile App launch at Fortuna Offices

**4<sup>th</sup> April:** Presentation on Tax Basics for Young Entrepreneurs at ECU Joondalup

**28<sup>th</sup> March:** Business breakfast with H-factor: Success, less stress & avoiding the mess at Fortuna Office

**26<sup>th</sup> March:** Innodate: Presentation on BIDA platform 'Fortun8' at ECU Joondalup

**20<sup>th</sup> March:** Student careers fair at ECU Joondalup

## UPCOMING FORTUNA EVENTS

**30<sup>th</sup> April:** Financial Freedom Clinic at ECU Joondalup

**3<sup>rd</sup> May:** Stop Stressing - Start Breathing (breathing exercise & meditation session) at Fortuna Office

**4<sup>th</sup> May:** Gold Stall at Nifnex Small Business Expo, Ascot Racecourse

**15<sup>th</sup> May:** Presentation on Fourth Industrial Revolution at Stirling Business Association

**16<sup>th</sup> /17<sup>th</sup> MAY:** Master Class on Tax Planning at ECU Joondalup/Mount Lawley

**23<sup>rd</sup> May:** Seminar on Tax Planning at Fortuna Office Carnarvon

## Contact Us:

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