



Welcome to the June 2016 alert from ESS BIZTOOLS and ESS BIZGRANTS.

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A. 2016/17 – The Year Of Business Advisory Services!

According to the Commonwealth Bank's "Accounting Market Pulse", 2016/17 is predicted to be the year of business advisory services. The report, issued in December 2015, indicated that the top service line to enter and grow for accountants and advisors in 2016/17 will be business advisory services and management consulting services.

As a member of ESS BIZTOOLS and/or ESS BIZGRANTS, you're in a great position to be able to take advantage of the predicted market opportunities that are going to emerge over the next 12 months.

We look forward to working with you and your colleagues in your firm so that you can deliver an outstanding service to your clients.

B. The Early Stage Innovation Company Package Now Available!

The Early Stage Innovation Company product package is now available on the ESS BIZTOOLS' website and through ESS BASIP.

12 Eclipse Street, ROWES BAY QLD 4810
Phone: 07 4724 1118 or 1800 232 088
Fax: 07 4724 2911 **Mobile:** 0418 190 181
ABN: 67 078 451 439
Website: www.essbiztools.com.au



As members of ESS BIZTOOLS, you can start utilising this package.

When the government announced this program in December 2015, Malcolm Turnbull indicated that there were thousands of companies that have been unable to raise equity capital in 2015. This is a great opportunity for you to be able to help these types of businesses to, first of all, undertake the self-assessment to determine their eligibility as an ESIC, then to help them on getting "investment ready" and being able to make an "investment pitch".

The product package includes:

- A video to give you an overview of what's contained within the ESIC package.
- A training webinar that goes through all facets of the package, so that you and your colleagues will be well aware of the various components.
- The exclusive ESIC Eligibility Calculator that we've prepared.

ESIC Eligibility Calculator

This calculator summarises the legislation and works through the various processes to enable a determination to be made as to whether a particular company can claim to be an ESIC.

This is going to be very important for a group of your clients who could be investors who are trying to obtain a tax offset from their investment. The tax offset for a sophisticated investor is 20% up to a maximum of \$200,000 in the year of their investment. The tax offset for a retail investor is \$10,000. Investors are also going to be interested to ensure that they've locked in their CGT exemption, which applies from the end of year one through to year 10.

Preliminary Test

The ESIC Eligibility Calculator will enable you to work through the Preliminary Test, which is examining whether the company:

- is within the right age
- has expenses of under \$1M
- has income below \$200,000 excluding any income received from an Accelerating Commercialisation Grant

The company cannot be listed on the Stock Exchange anywhere in the world.

This is the Preliminary Test.

Gateway Test

You then move on to the Gateway Test, which is 8 separate items covering items such as:

- Research and Development.
- Whether the company has been in the Accelerating Commercialisation grant program.
- Whether the company has already raised \$50,000 from arms-length investors.
- Does the company have patents, plant patents, innovation patents or registered designs?
- Has the company been in a special government program that's going to assist in developing the business' technology?

The business has to earn 100 points or more to pass the gateway test.

The Principles Test

If the business doesn't pass the gateway test, you can then move on to "The Principles Test". This is a follow-through process in the eligibility calculator.

Within the Principles Test, there are five key questions, all to do with whether the business has the ability to develop the product, process, service, organisational or marketing methodology that has been developed to create a viable business.

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To do this, you might need some assistance from a third party organisation. ESS BIZTOOLS has made arrangements with an organisation, Bistorque Pty Ltd. Bistorque have a team of experts who will be able to assess the company's status in relation to the Principles Test. Bistorque can also issue certificates that you will be able to incorporate within the overall documentation.

Remember, the task is to determine whether the company will satisfy the requirements of an ESIC. This is being done for two main purposes:

- Investors are going to want to know with certainty that they're going to be able to invest in a particular company with confidence that the ATO will not reject an ESIC application when the tax return from the company is lodged because that will upset the investors' rationale for investing in this particular company.
- The company will have to submit full details to support the claim to being an ESIC when the company's income tax return is lodged.

"Investment Ready"

We then discuss what's going to be necessary for being classified as "investment ready", relating to:

- Budgets
- Cashflow Forecasts
- Business Plans
- Information Memorandum
- Business Valuation
- Calculating the value of the individual shares

"Investment Pitches"

A very important task is helping the CEO of the company to be able to stand in front of investors and make "investment pitches". Most of the money that's going to be raised by companies that have been assessed as ESICs is going to require them to make investment pitches.

The ESIC package includes hints on presenting investment pitches.

Seminar for Clients and Prospects

The package also includes a seminar that we've prepared, ready for you to use, so that you can communicate with your clients or prospects by seminar or webinar, to make them aware of what an ESIC is all about.

We hope you will get the full benefit of this package in your accountancy business. If you have any questions on any aspect of the material, please don't hesitate to contact us.

C. Package Upgrades

We are also making some package upgrades, which will be completed over the next four weeks, such as:

- Debtors' Management
- SME Debtors' System Manual
- PPSR Due Diligence System
- Business Planning
- Succession Planning

These products will look very similar to what we've developed within the ESIC package, which will include an introduction video and training webinars. These products will also include a special seminar which you can utilise to market to your clients and prospects.

D. Business Partners

A reminder that we have special deals for members of ESS BIZTOOLS and ESS BIZGRANTS that we've negotiated with our business partners are available, including:

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IODM (Innovative Online Debtor Management)

IODM has a very good digital debtors' management system that you can introduce to your clients. We have negotiated a discount for members of ESS BIZTOOLS and ESS BIZGRANTS. [Click here](#) to find out more.

PlanGuru

PlanGuru has an excellent range of budgets and cashflow forecasts which you could obtain at a special rate. [Click here](#) to find out more.

Benchmarking.com.au

A special discount is available for members of ESS BIZTOOLS and ESS BIZGRANTS. [Click here](#) to find out more.

Business Partners for Investment Readiness

We've also negotiated some arrangements with two organisations, to assist your clients to be able to make investment presentations and, hopefully, to raise capital if they're deemed to be ESICs. These organisations are:

- Gold Coast Angels Group – [click here](#) to find out more
- Founders Forum – [click here](#) to find out more

In the next few months, we hope to finalise arrangements with other business investment groups around Australia so that, when you've completed the self-assessment package for an ESIC and have completed the investment ready process and then trained the client in being able to make an investment pitch, you'll be able to contact one of these Business Angels and indicate to them that this particular company has gone through the process and is ready to make investment presentations to their members.

Bistorque Pty Ltd

We've also made an arrangement with Bistorque Pty Ltd, a company that's able to issue third party certification for companies having complied with the requirements of the Principles Test.

[Click here](#) to find out more about Bistorque.

E. Free Webinars

A reminder that we've presented a special webinar, introducing the ESIC Product Package that members of ESS BIZTOOLS can utilise. We encourage you to watch this webinar, free of charge, to give you a better understanding of how to use this product.

[Click here](#) to watch the webinar recording.

To view other upcoming webinars and to watch previous webinars, exclusive to members of ESS BIZTOOLS and ESS BIZGRANTS, [click here](#).

F. Government Grant Application Closing Dates

The government grant application closing dates are available within ESS BIZTOOLS, summarising the closing dates for Federal, State and Territory government grants.

To view the list of government grants and their application expiry dates, [click here](#).

G. ESS Small Business – Webinars

A reminder that the previous webinars on ESS Small Business are available for viewing.

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The recent webinars that you might be interested in are as follows:

- "Grants are Available to Assist your Business" – Monday 6th June 2016 – [click here to view the recording](#)
- "Innovation Companies Capital Raising for Businesses" – Wednesday 27th April 2016 – [click here to view the recording](#)
- "Improving Debtors' Management" – Thursday 21st April 2016 – [click here to view the recording](#)
- "Vehicle Financing for SMEs" – Wednesday 13th April 2016 – [click here to view the recording](#)

To view other recorded webinars or to register for our upcoming webinars, free of charge, [click here](#).

H. Conclusion

Thanks for your support of ESS BIZTOOLS and ESS BIZGRANTS.

If you have any suggestions on content or material to be incorporated within any of the products of ESS BIZTOOLS or ESS BIZGRANTS, please don't hesitate to contact us.

We look forward to working with you over the next 12 months in bringing all of these products and services to you.

Kind regards



Peter Towers
MANAGING DIRECTOR



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