



Dear {Fname},

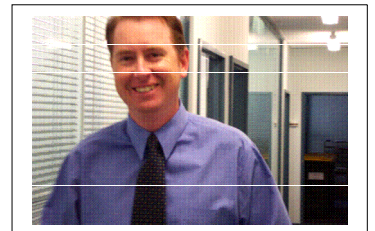
It's February, most of the tax compliance work for our clients is heading towards completion (except for those who are still to get information to us, in which case your lodgement deadlines might well be looming – so send it in as soon as you can...a looming ATO is not a pretty sight).

Excitement in the firm – we will have a website up and running by the middle of March. Its address will be www.thorntonpartners.com.au so it will be easy to remember. It will have all sorts of information on it, or linked to other useful sites, so we hope that you find it of interest. We will let you know when it is live.

Golf day invitations are about to go out (maybe before you get this) so please respond quickly as numbers are limited (it is on the 9th of April).

Meet Another Member Of The Team

John Freame. John is the tallest person in the office. This causes a few problems now and again (like taking his photograph, we couldn't get the top of his head in!) with office doorways. John has been married (very happily Michelle tells us) for just over 4 years. He and Michelle decided to head West around 2 years ago and spent 4 months riding their motorcycle across the country (would have been quicker to catch the bus!). John has spent much of his professional life in country NSW and has a good mix of experience with rural and city based businesses.



Rugby union is John's preferred sport but he is handy at fencing and tennis. Anyone who saw him play at Cunderdin shouldn't be fooled. John was told the it would be bad form to win by too much – so he came dead last instead. Next time you happen to speak with John,ask him to tell you about his operation!!.

There's Something In The Air (or the Water, or Coffee, or Office)

At last, count 4 out of a total team of 25 were either expecting a baby, or were very closely related to someone who was. Donna, at our reception is expecting in June/July. Kim, (accountant) is due in a few weeks. Financial planning and Finance are well involved with Martin's wife Lisa and Darrel's wife Imogen expecting in April/May and July respectively. There is a never-ending stream of baby showers, knitting, and nursery decorating going on at the moment. Thornton Partners Day Care will open shortly.

We sincerely hope that all goes well for each and maybe we can include a group baby photo in a future edition (it's either that or a another group shot of the partners).

W.O.W. An Attachment!

Attached to Behind The Scenes is a hypothetical case study that tries to show the problems that can occur if the ownership of your personal and business assets is flawed, or confused. The case study is all about **Who Owns What**. Many families in business have family and business assets, the ownership of which is hazy. It is an important part of business planning to deal with the ownership issues of these assets. As part of our ongoing reviews of client affairs we will be preparing an analysis of asset ownership and providing our recommendations that flow from this analysis. If you would like your situation reviewed sooner than it might otherwise be, let your partner know and we will do it as soon as we can.

Interesting (to some) Fact Of The Day

If you yelled for 8 years, 7 months and 6 days you would have produced enough sound energy to heat one cup of coffee (hardly seems worth it really).

Referral Card

I wish to introduce

Referral Card

I wish to introduce

Referral Card

I wish to introduce

Please provide my friend with your assistance, which includes a free initial consultation.

Please provide my friend with your assistance, which includes a free initial consultation.

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Sincerely, {Fname} {Sname}

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Sincerely, {Fname} {Sname}

What Our Clients Are Up TO

"Recognition For Role Model"... was the heading in the Joondalup Community News in January this year. The story was about the awarding of the **Joondalup Citizen of the Year** to David Hancock. The award was in recognition of the countless hours David spends with a number of bushcare groups, including Friends of Yellangonga Regional Park, and Friends of Shepherds Bush Park (co-founded by David in 1996). David spends most of his time (6½ days every week) working for Joondalup Coast Care Forum, Trigg Island Bushcare Group, Friends of Koondoola Regional Bushland and Friends of Warwick Bushland. David is passionate about the environment and is committed to conservation and bushcare. The City of Joondalup certainly picked a worthy winner for its Citizen of the Year and Thornton Partners is proud to have David as a client.

Software To Consider

From time to time a client has a problem with their MYOB or some other piece of software. Rather than talking you through to fix the problem, sometimes it would be quicker to be able to actually do the fix. There is software called **PC Anywhere** that allows a 3rd party to "take over" your computer (with your permission of course) do the work that needs to be done, and hand it back. Your computer would need access to the Internet, Windows 98 or better as its operating system, and a copy of the software. If you are interested then contact us for details. We don't sell software so you would have to purchase it elsewhere, however we can point you in the right direction should you need a hand.

Important Tax Dates

Tax return (companies with turnovers between \$1m-\$10m) and BAS lodgement due date is looming (there is that word again) and are due 28 Feb.

Country Visits

All of the partners of the firm try to make visits to our clients in country areas. Bill Mattingly, Troy Anderson and Mark Thornton will be making regular trips for the remainder of the year (Mark has been going to Dowerin and Cunderdin for many years and will continue this schedule). Troy and Bill will be increasing the number of country visits to monthly and look forward to catching up with their clients more often.

Hoax Virus Emails

Please remember to be careful if you receive and email about viruses that recommends that you find and delete certain files. These should always be treated with suspicion. If you are unsure then visit www.symantec.com/avcenter/hoax.html.

Cunderdin Tennis (16 March)

Once again the Thornton Partners' Mavis Cup Team, captained by Mark "Woodbridge" Thornton, will be heading for Cunderdin for the annual tennis challenge. Team members have had racquets re-strung, shoes re-soled, and backhands re-tuned. We are looking forward to taking on all challengers and bringing home "The Cup" (well... "The Saucer" or "The Bowl", or "The Prizes" anyway.). Looking forward to seeing you there!

29 Rules of Life

1. Never, under any circumstances, take a sleeping pill and a laxative on the same night.
2. If you had to identify, in one word, the reason why the human race has not achieved, and never will achieve, its full potential, that word would be "meetings."

3. There is a very fine line between "hobby" and "mental illness."
4. People who want to share their religious views with you almost never want you to share yours with them.
5. And when God, who created the entire universe with all of its glories, decides to deliver a message to humanity, HE WILL NOT use, as his messenger, a person on cable TV with a bad hairstyle.
6. You should not confuse your career with your life.
7. No matter what happens, somebody will find a way to take it too seriously.
8. When trouble arises and things look bad, there is always one individual who perceives a solution and is willing to take command. Very often, that individual is crazy.
9. Nobody cares if you can't dance well. Just get up and dance.
10. Never lick a steak knife.
11. Take out the fortune before you eat the cookie.
12. The most powerful force in the universe is gossip.
13. You will never find anybody who can give you a clear and compelling reason why we observe daylight savings time.
14. You should never say anything to a woman that even remotely suggests that you think she's pregnant unless you can see an actual baby emerging from her at that moment.
15. The one thing that unites all human beings, regardless of age, gender, religion, economic status or ethnic background, is that, deep down inside, we ALL believe that we are above average drivers.
16. The main accomplishment of almost all organized protests is to annoy people who are not in them.
17. A person who is nice to you, but rude to the waiter, is not a nice person. (This is very important. Pay attention. It never fails)
18. Your friends will love you anyway.
19. Remember that a lone amateur built the Ark. A large group of professionals built the Titanic.
20. Never give yourself a haircut after three margaritas.
21. You need only two tools. WD-40 and duct tape. If it doesn't move and it should, use WD-40. If it moves and shouldn't, use the tape.
22. The five most essential words for a healthy, vital relationship: "I apologize" and "You are right."
23. Everyone seems normal until you get to know them.
24. When you make a mistake, make amends immediately. It's easier to eat crow while it's still warm.
25. Learn to pick your battles. Ask yourself, "Will this matter one year from now? How about one month? One week? One day?"
26. Never pass up an opportunity to pee.
27. If you woke up breathing, congratulations! You have another chance!
28. Work is good, but it's not that important.
29. And finally; Be really nice to your family and friends. You never know when you are going to need them to empty your bedpan.

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W.O.W. (WHO OWNS WHAT of your assets??)

The ownership of private and business assets can be complicated and confusing. Follows is a hypothetical case of the Bushes. Mr Bush dies in a terrorist attack leaving Mrs Bush and their five children and the following assets:

Asset	Value
	\$
1. Family home	300,000
2. Bank account	15,000
3. Wesfarmers shares	140,000
4. Life insurance policy	500,000
5. Superannuation	120,000
6. Business property	1,000,000
7. Business assets	250,000

Total Assets	2,325,000
	=====

What Did The Will Say?

Upon the reading of his will we discover Mr Bush has bequeathed the home & bank account to Mrs Bush, the Wesfarmers shares, life insurance & superannuation to his three children not involved in the family business, and the business property & assets to their two children who are working in the business.

What Was The Estate Worth?

On reviewing the above assets we find that in fact his estate would actually be negative to the tune of \$99,990. *That's right, the estate would actually owe \$99,990.*

This result is all brought about by the way the assets are actually held, as can be seen below:

1. The family home is owned as 'joint tenants' by Mr Bush with Mrs Bush. Therefore upon Mr Bush's death the house passes automatically to his wife. It can't be willed (alternatively if it had been owned as 'tenants in common' it could have been willed – property, unless otherwise stated, is automatically assumed to be held as 'joint tenants').
2. & 3. The bank account and Wesfarmers shares are also jointly owned by Mr and Mrs Bush. These assets are deemed to be 'joint tenant' assets and so automatically pass to Mrs Bush.
4. The life insurance policy is on Mr Bush's life but is actually owned by the eldest son. So it is actually an asset of Bush junior.
5. The trustees of a superannuation fund have the ultimate discretion as to where the superannuation proceeds are distributed. They will look at who the dependents are, what Mr Bush's wishes were, as stated in his will, and see if he had made a binding nomination within the last three years. In this case they decide to pass the asset to Mrs Bush.
6. The business property is actually owned by the family company. Mr Bush owns one **Governing Director** share and there are 100,000 other shares owned by his 5 children equally. Therefore even though the share has all the voting rights it is only worth \$10. Also the children in business might have to start negotiations with their siblings to acquire their 3/5 shares in the business property.

7. The business assets are owned by the family trust. Even though Mr Bush is the Trustee, Guardian & Appointor (therefore giving him absolute control before his death), he is not able to bequeath these business assets in his will. Instead the new Appointor/Guardians (his five children equally) now control these assets. Also his beneficiary loan account is actually \$100,000 in negative. Therefore he owes the trust \$100,000.

The Result?

Now the above mess can be sorted out if all parties agree but not without significant capital gains and stamp duty implications. Please remember that these taxes don't just apply when selling assets to outside parties but in fact market value rules apply when transferring assets between family members. Should the parties be unable to reach agreement then it is possible that the business and the business property would have to be sold and the proceeds distributed amongst the family (after taxes of course). The children who are unhappy with the Will might well commence a claim against the estate (often funded by the assets of the estate). These types of battles usually end in tears and high costs.

What Can You Do?

Because the above scenario is not uncommon, we at Thornton Partners will contact all our clients to discuss the above issues over the next 18 months. As part of the planning process and where relevant we can prepare a summary of "who owns/controls your assets". If you also have concerns in these areas please call us and we will address your particular case sooner.