



CORE
BUSINESS ACCOUNTANTS



CENTRAL TO YOUR SUCCESS

Core Cool Client – Bill Darby

Background

Bill Darby's business interests are mostly in property – rental properties, management rights, backpacker accommodation – however, he has also invested in a number of other small businesses in fisheries, transport licensing and insurance.

Originally from Melbourne, Bill was working as a real estate agent and auctioneer when he relocated to the Sunshine Coast in 1990. Soon after, he established Stockdale & Leggo Project Marketing, Mooloolaba with a business partner. This very successful business partnership specialised in strata-title property and off-the-plan marketing and sales. In 1995, the partners then founded Village Management Corporation (VMC) and purchased property management rights for townhouses in Vardon Point at Pelican Waters and student accommodation at the University of the Sunshine Coast.

We began advising Bill in 2007. At that time, he was considering a new business venture outside his usual property interests, and he engaged Glen Palmer to assist with the due diligence. Glen and his team quickly exposed a range of hidden issues and Bill decided not to proceed with the purchase.

Meanwhile, Bill had foreseen growing tourism opportunities for the region and recognised that the southern end of the Sunshine Coast lacked 5-star accommodation options. With his VMC partners and team, Bill successfully embarked on what is arguably the Coast's most successful off-the-plan marketing and sales campaign, launching what is today known as Rumba Resort, Caloundra. He subsequently managed the rights to what remains Caloundra's only 5-star resort until its sale in 2018.

Our assessment

It was clear that Bill needed ongoing advice for a range of matters relating to the purchase of the Rumba business and financial management thereafter for this and his other diverse business interests.

Among the more pressing matters was structuring an entity that could purchase the management rights business, accommodate additional business partners and support complex transactions.

Ongoing financial reporting and tax management was a priority, especially in the early stages of this substantial new business.

Our Process

Our approach has been consultative from the start.

While dealing with immediate requirements that would enable the purchase of Rumba's management rights and introducing new business partners, we also considered longer-term big picture plans as well as 'what-if' scenarios.

This meant implementing financial management, accounting, tax solutions and strategies that would accommodate future needs, goals and contingencies along the way.

We guided day-to-day financial management, particularly in the infancy of the business by keeping a close eye on the financial reporting and by supporting the in-house bookkeeper and later, one of the business partners who took over the financial management.

Advance tax planning is fundamental to our strategic tax service and this has enabled us to provide advice relating to the treatment of profits from the earlier sale of a number of other management rights businesses held in a separate company. This is one example of how our advice, the use of tax effective structures and the benefit of advance planning enabled Bill and his shareholders to not only release profits from an old company but also enjoy tax refunds.

As Bill wanted greater control over his retirement savings, we prepared advice that favoured establishing a self-managed super fund (SMSF). This provided Bill with a tax effective retirement saving structure while enabling him to manage funds according to his individual investment goals, rather than leave it in the hands of large fund managers.

As the Rumba Resort business grew, it became apparent that an opportunity existed to expand to include food and beverage services. Bill struck a deal with the owners of what was then separately owned catering and event facilities. Using funds loaned from his SMSF to purchase and refit the function room and kitchen to create premium commercial facilities, Bill and his partners founded 26 Degrees Bar & Venue on the second floor of Rumba Resort. This quickly proved a master stroke, generating income that would not only repay the loan but deliver a worthwhile return on investment for Bill's SMSF.

For nearly 10 years, Bill and his partners grew Rumba Resort from strength to strength, then when it was time to sell, we prepared the figures for prospective purchasers. This involved making sale adjustments for representing an accurate maximum sale price, which we continued to rework and adjust for the duration of the sale period. This was to ensure an accurate and current profit figure would be reflected in the sale price at the time of settlement.

Importantly, during the sale process we advised regarding the tax implications and how best to reduce the tax arising from the sale.

In the years since...

We have continued to advise Bill on various investment property holdings and business matters. In recent times these have included substantial ventures including the purchase of Toowoomba's Highlander Motel and the Farm Gate Backpackers in Childers, which has given rise to a new labour-hire business that involves Bill and his team coordinating working visas and placements for international backpackers.

Throughout our association with Bill, our advice approach has remained consultative – guiding strategy and providing insightful comment for each venture, existing, new and emerging. As is our habit, we continue to take a 'big picture' view with regard to structures, solutions and strategies that provide Bill and his business partners with flexibility and an agility that will allow them to respond quickly when opportunities are presented.

The outcomes so far...

Over the years we have implemented important asset protection strategies that have safeguarded Bill's business interests and, in turn, his personal affairs. Along with advance tax planning, these strategies have resulted in significant tax savings and, at times, significant tax refunds.

Similarly, the establishment of his SMSF has enabled Bill to both bolster his retirement savings – thanks to favourable returns on investment – while financing business activities through his SMSF that have delivered significant benefits in terms of increasing business revenue, generating profit and enhancing the overall value of his business holding. Resulting in maximised sale prices and significant profit.

We have provided financial leadership that has resulted in sound financial management for each of Bill's business ventures, while our insights and sounding board support have allowed Bill to explore many different business opportunities and confidently make business decisions that have allowed him to both succeed in business and prosper personally.

What Bill says...

Core Business Accountants think more broadly. They look for opportunities outside the sphere of discussion, and without being prompted, capture opportunities. Their advice is in my best interests, educational, informative and in plain English. Their financial intuition and peripheral vision allow me to understand the perils, avoid pitfalls and properly benefit from opportunities. Their familiarity with, and depth of understanding of my business affairs eliminate the tedium of constant re-explanation which is often required for lesser advisors, and that translates to the sort of business and financial confidence that alleviates a lot of time and stress.