



ESS
BIZTOOLS

“COVID-19 SURVIVAL PANEL SESSION SIXTEEN”

- ***Fund Raising Opportunities For SMEs”***

Presenter

- Peter Towers, Managing Director,
ESS BIZTOOLS

Questions

- Please go to “chat” and type in your question
or
- Email: peter@essbiztools.com.au

“Fund Raising Opportunities for SMEs”

Presented by:
Peter Towers
Managing Director
ESS BIZTOOLS

Coronavirus SME Guarantee Loan

- Until 30th September 2020
- Loans of up to \$250,000
- 3 year term
- 50% guaranteed by Australian government

Coronavirus SME Guarantee Loan (cont'd...)

- From 1st October 2020
- Loans of up to \$1 million
- 5 year term
- 50% guaranteed by Australian government

Early Stage Innovation Company

- Applicant must be a company
- Aged under 3 years, although in some cases can be aged up to 6 years
- Developed new product, process, service

Early Stage Innovation Company (cont'd...)

- Income under \$200,000 last 12 months
- Expenditure under \$1 million last 12 months
- Can qualify by complying with one of two tests

Early Stage Innovation Company (cont'd...)

- Gateway Test:
 - Must earn 100 points or more
 - Points can be earned from:
 - Research and development expenditure
 - Receiving an Accelerating Commercialisation Grant
 - Company has completed or is undertaking an approved Accelerator Program

Early Stage Innovation Company (cont'd...)

- Has received at least \$50,000 for shares in the company from people who were not associates
- The company owns a “Patent” or a “Plant Breeders’ Right”
- The company owns an “Innovation Patent” or a “Registered Design”

Early Stage Innovation Company (cont'd...)

- If the company fails the Gateway Test, it can then move on to the “Principles Test”
- The applicant must be able to supply detailed responses to the following questions:
 - *Is the company genuinely focused on developing for commercialisation one or more new, or significantly improved products, processes, services or marketing or organisational methods?*

Early Stage Innovation Company (cont'd...)

- *Does the business have a “high growth potential”*
- *Can the business be “successfully scaled”?*
- *Does the business have potential to be able to address a “broader than local market”?*
- *Does the business have “competitive advantages?”*

Early Stage Innovation Company (cont'd...)

- If the company is able to successfully supply answers to these questions and submit them to the Australian Taxation Office/AusIndustry, the company may qualify as an Early Stage Innovation Company

Benefits for Investors

- 20% tax offset based on their investment
- Sophisticated investor maximum tax offset \$200,000
- Retail investor maximum tax offset \$10,000

Benefits for Investors (cont'd...)

- If shares are owned for longer than 12 months and less than 10 years, no capital gains tax when the shares are sold
- If shares still owned at the end of 10 years, the company is revalued to determine a new cost price for the shares

Crowd Sourced Funding Equity Raising

- Companies with turnover under \$25 million per annum; and
- Companies with gross assets valued at less than \$25 million
- Could qualify as a Crowd Sourced Funding Equity Raising Company

Crowd Sourced Funding Equity Raising (cont'd...)

- Can raise up to \$5 million each 12 months from the public
- Must produce a Crowd Sourced Funding Offer Document

Crowd Sourced Funding Equity Raising (cont'd...)

- Directors and leadership team need to develop an understanding of the rules relating to Crowd Sourced Funding Equity Raising and the role, duties and responsibilities of Crowd Sourced Funding Intermediaries

Section 708 *Corporations Act*

- Private company
- Can raise up to \$2 million in 12 months
- From a maximum of 20 investors

Australian Business Growth Fund

- This is a \$540 million joint government-bank Business Growth Fund
- Expected to commence later this year
- The fund will take patent equity stakes of between 10% & 40% in SMEs to help businesses expand

Australian Business Growth Fund (cont'd...)

- The fund is expected to grow to approximately \$1 billion
- Expected to invest in 30/50 businesses each year with turnovers between \$2 million and \$50 million

Documentation Required for Each of These Funding Opportunities

- The actual funding requirements will vary
- But the following are expected to be required in all cases:
 - Business Plan
 - Analysis of Customers
 - Budgets – based on the Business Plan assumptions for at least 3 years
 - Cashflow Forecasts – based on the Business Plan and Budgets for at least 3 years

Documentation Required for Each of These Funding Opportunities (cont'd...)

- A leadership team that is capable of implementing the vision articulated by the directors
- A Board of Directors and leadership team which understand the concept of corporate governance
- A clear role for accountants to assist your clients to become “investment ready”

2020/21 Strategies

- There is an expectation there will be difficulties to negotiate bank loans from 1st October onwards
- These funding opportunities are available, but companies will need to be “investment ready” to be able to source this funding

2020/21 Strategies (cont'd...)

- An outstanding opportunity for accountants, who are committed to supplying “Business Advisory Services”

COVID-19 Update

- Need to assist clients to determine whether they will continue to be eligible for JobKeeper after 30th September
- Extension of Apprenticeship Subsidy Scheme to 31st March 2021

COVID-19 Update (cont'd...)

- Major banks have indicated that “repayment holiday borrowers” will be available for extension for 4 months – but applications need to be submitted

Action Plan

- The Commonwealth Bank's Market Pulse Report identified that "Business Advisory Services" would be the number 1 service offering by accountants in 2020/21
- Has your firm geared up to meet this market opportunity?

Would You Like?

- A free, no obligation trial?
- You are invited to participate in a free, no obligation 30 day trial of ESS BIZTOOLS
- To register for the trial go to www.essbiztools.com.au click on 'Access Levels' and then select 'Guest Trial Access'

Would You Like? (cont'd...)

- Would you like to participate in a 14 day trial of ESS BIZGRANTS?
- If so, please go to www.essbizgrants.com.au – “[Start Free Trial](#)” to register for the free trial

COVID-19 Survival Panel Webinar Presenters

Webinar – Session 17

Friday 7th August 2020 at 12-noon AEST

You can view earlier webinar recordings at ESS BIZTOOLS' [website](#) > Home Page > Survival in Difficult Times [Learn More](#) > Scroll down to COVID-19 Survival Panel

Webinar Presenters 7th August 2020

- **Anna Guenther**, Director, PledgeMe (Crowd Sourced Funding Intermediary).
Presentation: *“Crowd Sourced Funding Opportunities for SMEs and Accountants”*

Webinar Presenters 7th August 2020 (cont'd...)

- **Peter Towers**, Managing Director, ESS BIZTOOLS. Presentation: *“Understanding Early Stage Innovation Companies, Research and Development, Accelerating Commercialisation Grant”*

Registration – 7th August 2020

- To register, please go to ESS BIZTOOLS' website > [Webinars](#)

For More Information...

- Please visit the ESS BIZTOOLS' website – Survival in Difficult Times – [Learn More](#), or
- Contact us:
peter@essbiztools.com.au
Ph: 1800 232 088



Stay Safe!

Thank you for your participation in
viewing this webinar

Good luck in your firm

If you have any questions, please do
not hesitate to contact us

Have a great day!