

Editorial Note

Welcome to the latest edition of the Pilot Directions newsletter.

I am proud to announce Pilot's exciting brand transformation and launch of a new website, now live at pilotpartners.com.au. Our modern look and refreshed branding

embody the essence of who we are today – forward-thinking, innovative and client-centric advisors. We extend our thanks to our loyal clients, friends of the firm and supporters who have been with us on this remarkable journey over the years as we look forward to what the future holds.

In this edition, our in-depth article discusses 'ESG'. A high-profile topic for many businesses and widely covered in the media of late, we talk through what it is and why strong governance matters for your business.

Our 'News & Insights' page provides the latest news and updates on a number of topics that we trust you will find useful and interesting.

I hope you enjoy this new look edition of Pilot Directions.



BRIAN MCDONALD



Pilot announces new brand and website

Board Services, CFO Services, Fraud Reviews, Systems and Governance reviews, and more. You can explore the complete list of our services on our new website: pilotpartners.com.au/services

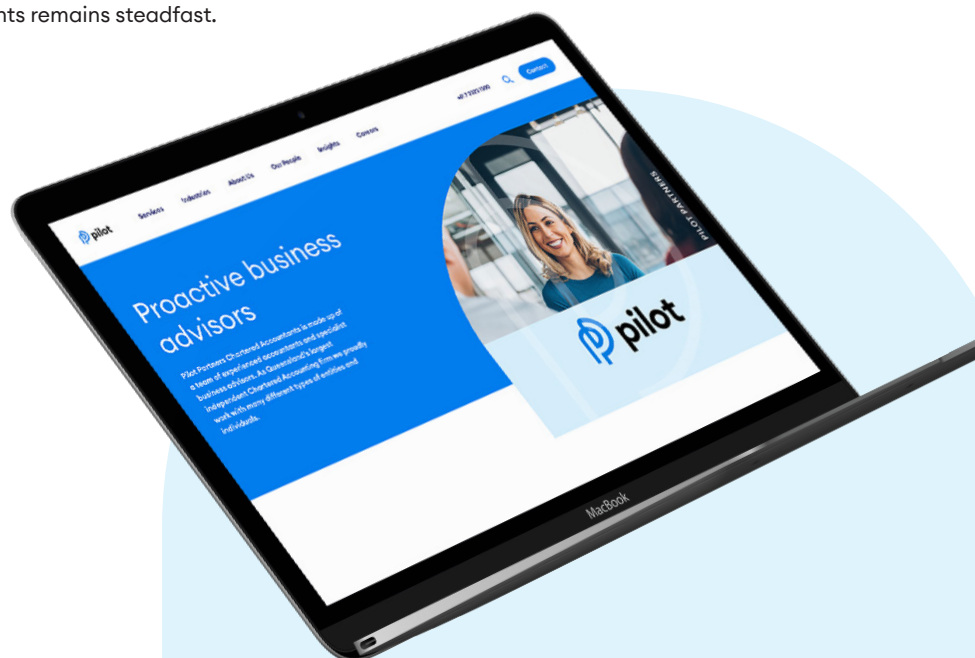
We take this opportunity to thank our clients and supporters over the years. Pilot's team of business advisors and accountants are proud to be your trusted advisors guiding you towards success.


While our look and website are fresh, our commitment to you, your business and clients remains steadfast.



We are proud to reveal our new brand that reflects Pilot Partners today: progressive, professional, innovative and client-centric.

For over 20 years, Pilot has responded to the evolving needs of our clients by providing bespoke services that make a difference. This journey continues today as we offer a growing array of advisory services as adjuncts to our traditional accounting lines. These include Advisory





Do we have to talk about ESG?

There's a lot of noise in the world at the moment about ESG. References to ESG are references to a business' Environmental, Social, and Governance framework.

So, what is it?

Put simply, ESG is really about businesses doing the right things, taking a long-term view, and considering their place in society, not just their profits. Importantly, there are three letters in the acronym. At present, many focus on the E, but ignore the other letters' importance.

ESG encompasses three dimensions:

- **Environmental** – This relates to a business' impact on the environment. Does my business care about the world it leaves behind?

- **Social** – This encompasses how the business treats people, including staff, customers, and others in their supply chain. Does my business care that people are treated fairly?

- **Governance** – This includes decision-making, transparency, compliance and ethics. Does my business have systems and processes to ensure the right things are being done and to evidence the fact?

Who cares about ESG?

Whilst ESG frameworks have traditionally been the domain of big business, increasingly customers, staff (including prospects) and others in the business supply

chain are looking to ensure that businesses they engage with have appropriate ESG frameworks. If you have sought finance in recent years you will likely have experienced this from your financier.

What does this mean for my business?

The most well-established and well-defined of the three dimensions that is often also the easiest to implement is effective governance within your business. Governance is also heavily linked to other elements of ESG. In particular it has a major impact on perceived and demonstrated social responsibility. Implementing strong governance measures is a contributor to ensuring a high level of social responsibility.

A simple example of this is wage underpayments. A failure to have the systems and processes in place to ensure that minimum staff conditions are being provided can lead to substantial costs. These being not just the back payment of wages and associated penalties, but also reputational risk for the business in the broader community. Some buyers will simply refuse to consider to acquire a business that has such issues due to the potential risk.

How can I improve my ESG?

In a practical sense, making improvements in your ESG can be done through the adoption of a range of measures, including the following:

- Implementation of advisory boards;
- Leadership and management structure revisions through succession planning or business growth;
- Risk management process improvements – recognising and mitigating risks before they happen; and
- Increased and streamlined Internal controls.

The benefits of strong governance

The implementation of strong governance measures can result in improvements in areas of operational and/or strategic importance, including:

- Increased clarity and accountability, benefiting both stakeholders and businesses.
- Enhanced Investor appeal of the business – showing foresight your business is contemplating ESG and planning to address the basics at the very least.
- Improved risk management - identifying and mitigating risks, and fostering crisis readiness.
- Innovation and resilience - encouraging adaptable and innovative cultures within the business.
- Growth in long-term value - having a better run business in the long term will generate better profit and potentially a larger business exit value.

Covering all bases

Whilst governance measures are likely to be common across industries, the application of the environmental and social aspects can be industry and business centric. Many are seen as non-financial and therefore harder to convince businesses to uptake. However, non-financial drivers can also have financial impacts on the business at a later stage. Therefore, it's best not to ignore these factors but be aware of them, that is, have good governance, to ensure where they are relevant to your business, you can adopt the appropriate measures.

Learn more

For more information on how Pilot can assist you in developing stronger governance for your business, contact **Cameron Woodcroft** on cwoodcroft@pilotpartners.com.au or your Pilot advisor on 07 3023 1300.

News and Insights



Client News

Pilot Partners' client, BHP-backed mining tech start-up Plotlogic, has raised in excess of \$40 million series B funding. Plotlogic's revenue has increased 10-fold over the past 10 months and the advanced sensors and artificial intelligence to determine the quality of minerals and metals is being used by a number of big-name mining companies to help increase yields and reduce waste. In what has been described as a dire time for many tech stocks, this latest funding round is seen as a great endorsement for what Plotlogic is building.



Are Scams Deductible?

Despite having suffered a loss from fraudulent activity, if payments are made for goods and services that weren't actually supplied, it's the ATO's view that the loss cannot be claimed on your income tax return. Generally, you're not able to claim a loss for something you haven't technically owned, the ATO says. To claim a loss for tax purposes, the scam/theft needs to involve the loss of an asset (typically a capital gains tax asset) that you are the legal owner of. With scams of this nature only growing in frequency and scale, including those in the cryptocurrency fraud arena, we are watching this space to see if the tax rulings change on this topic.



Technology Investment Boost

Ongoing subscriptions for accounting software programs have been confirmed as qualifying for a 20 per cent bonus tax deduction under the technology investment boost. The scheme, announced in the final budget of the previous federal government in March last year, finally became law in June. Eligibility of expenses depends on the purpose of the expenditure and its link to digitising the operations of a specific small business. Other eligible costs include:

- Advice about digitising a business.
- Leasing digital equipment.
- Repairs and improvements to eligible assets that aren't capital works.



Division 7A Loans Interest

In a cycle of higher interest rates, the cost of loans put in place to comply with Division 7A has jumped by 73%, from 4.77 to 8.27 per cent for the 2024 year. This may influence the way businesses manage their tax obligations within these rules. We recommend talking to your Pilot Partners advisor regarding how this increased rate could impact you.

Welcome to the Team

Pilot welcomes the following new team members.

Bailey Cox joined as a Graduate Accountant in the Restructuring team, after completing a Bachelor of Commerce/Economics with majors in Accounting and Business & Industry at the University of Queensland.

Tom Dorries joined Pilot as an Undergraduate Accountant in Bookkeeping. Tom is currently studying a Bachelor of Business, majoring in Accounting and Economics at Queensland University of Technology.

Declan Gamack is returning to Pilot as an Accountant in Corporate Advisory.

Phoebe Howe joined the Human Resources Team as HR Coordinator.

Simi Singh, Fran Preston and Megan Brown joined in Administration roles, in the Finance and Administration team.

Congratulations

Happy Pilot anniversary to **Catherine Choy** for 10 years with Pilot. We appreciate Catherine's efforts over the past decade, and thank her for her contribution and look forward to her continued career journey with us.

Congratulations to **Jeremy** for completing his CA studies, a huge achievement.

Our Pilot family has been lucky enough to welcome a number of healthy babies this quarter. **Zoe Salvati** welcomed baby Willow into the world, **Mia Mao** welcomed baby Ashley, and **Ben Shi** welcomed baby Ezekiel. Congratulations to them all!



Baby Willow



Baby Ashley



Baby Ezekiel

SOCIALS & EVENTS



Pilot new partner event



Launch Party



EOFY Party



Nexia Week 2023



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