



Welcome to Accountants Minute. I'm Peter Towers, Managing Director of ESS BIZTOOLS.

Accountants – do you realise the PPSR affects every one of your SME clients?

The Personal Property Securities Act (PPSA) and the associated Personal Property Securities Register (PPSR) have a very wide influence on business operations in Australia. Unfortunately, a large number of small/medium enterprise operators appear to not have any direct working knowledge as to how this legislation affects their business and, indeed, don't have any understanding of the very severe financial consequences that ignorance of this legislation can cause them.

Already, in excess of \$120M has been lost by the owners of property who have been involved in court cases over this legislation because they had not appropriately registered their assets on the PPSR.

Some accountants have indicated to me that they believe that this is solicitor's work. On the other hand, I've talked to quite a number of solicitors over the last few months. They've indicated to me that, in their opinion, their role is to draft documents, in this case, two very important documents about which all small/medium enterprise operators should've received advice from a commercial solicitor – Terms of Trade Agreement and Retention of Title Agreement.

Solicitors don't agree that it's their role to then go to their client's premises and check that a system has been introduced to ensure that proper consideration has been given to a myriad of business transactions that occur on an ongoing basis within most businesses as to whether registration should be made on the PPSR.

These business activities include customers. When a new customer is secured, before any goods are sold to that customer, having the customer complete the Terms of Trade Agreement and the Retention of Title Agreement and returned to your client's business so that an informed decision can be made as to whether a registration should be made for that particular customer on the PPSR.

Are your clients tracking where their stock is located? Have they got stock on consignment? In which case, there's a very good argument that they should be giving careful consideration as to whether a registration needs to be made on the PPSR.

Are they renting or leasing assets, whether they're boats, cars, aeroplanes, motorbikes, etc? Are they looking at the consequences that could affect them if they haven't registered on the PPSR?

Do they have plant and equipment such as formwork, buildings and other products stored on someone else's premises? If so, they're potentially at risk under the PPSA.

Do they have Intellectual Property (IP) that they've developed that they've hired or entered a licence agreement with someone else who has got the right to use that IP? Have they protected their interest by registering on the PPSR?

There are numerous other areas that need reviewing in most businesses to ensure that the business is protected from the consequences of not registering on the PPSR.

I honestly believe that this is accountant's work, to establish a system, to make sure clients understand the terms relating to the sale.

A solicitor recently explained to me about a \$400,000 loss that one of his clients has sustained because the person in the office misunderstood the terminology "grantor" and "grantee". For the hire of a number of items of plant and equipment, the office person had described the solicitor's client as being the "grantor", where in actual fact, the client should've been described as the "grantee". That was enough for the client to lose \$400,000 worth of assets.

Within ESS BIZTOOLS, there's a full PPSR Due Diligence System, to assist accountants to first of all establish an appropriate system within your client's business, to review all aspects of the transactions being undertaken by your clients relative to the question and, secondly, should registration should be sought on the PPSR.

ESS BIZTOOLS is presenting a webinar on Wednesday 27th April 2016 at 12pm AEST, featuring "**PPSR Due Diligence System**". You're invited to attend this webinar, free of charge, which will look at what's included within the PPSR Due Diligence System and how you can utilise this system to ensure that your small/medium enterprise clients are protected from the ramifications of the PPSA. [Click here](#) to register to attend.

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