



ESS
AccountantsMinute

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

Will you have an ESIC Story?

I want to share a story with you...

A business couple comes to have a discussion with you on Research and Development. You give them some advice and suggest that they form a company.

A year later, they come back to see you and have their income tax prepared. They're very excited and they share with you some of the information pertaining to their R&D activities. They've seen a patent attorney. They've applied for a provisional patent in Australia and they intend to ultimately have their new product, service or technology patented around the world. They then tell you that it's going to cost a lot of money to successfully commercialise their invention, but they're keen. They're wanting to do something.

You tell them about the Australian government's new legislation – the Early Stage Innovation Company (ESIC) legislation, which commenced on 1st July 2016. You suggest that you be appointed by them to undertake a due diligence review on their company, to see whether they could self-assess as an ESIC. However, you stressed to them the absolute importance that they prepare an appropriate file on all the supporting documents that they have used in the evaluation as to whether they're an ESIC. Of course, you will be part of that process.

When you're satisfied that they have appropriately self-assessed themselves as an ESIC, you could then advise them that, unfortunately, that's only the beginning of their journey. They now have to get themselves "investment ready" so that they're going to be acceptable to investors. Investors will not only want to know that the company is appropriately self-assessed as an ESIC, they will then want to see the budgets, cashflow forecasts and the business plan. The final document to be produced is the information memorandum.

You can then mentor their CEO on being able to make investment presentations to Business Angel groups and Founder Forum groups around Australia, as they attempt to raise money.

Alternatively, if you're uncertain about attending to some of these innovation/investment ready processes, you might refer them to an affiliate with whom you already have had some discussions, to ensure that your clients receives top-class service.

What have you done in this whole process?

You've taken someone who originally had an idea. You've encouraged them to go down the R&D process. You advised them to form a company so that they can obtain the R&D rebate. When they came and had a discussion with you about their need to have capital introduced into their business, you introduced them to the ESIC, guided them through the self-assessment process and then through the investment ready process and the investment presentation preparation process.

You've helped create an ESIC story!

I believe that accountants/advisors who are traditionally working with small/medium enterprise clients should be the ones that are undertaking this process. Not larger firms, not international accounting firms but firms who are at the “grassroots”, helping small/medium enterprise operators and inventors to achieve their aims and their aspirations in life.

A complimentary copy of our article, **“Will you have an ESIC Story?”**, is attached with this transcript.

We will be presenting a webinar, entitled “Will you have an ESIC Story?”, on Wednesday 7th September 2016 at 12pm AEST. You're invited to attend this webinar, free of charge. [Click here](#) to register to attend.

Within ESS BIZTOOLS and ESS BASIP, we have a full product range, to assist accountants/advisors, like yourself, to guide your clients through this self-assessment process as to whether they're ESIC and then to guide them through the investment readiness and investment pitch presentation phases.

Visit our website, www.essbasip.com.au, to review the material that is part of ESS BIZTOOLS' ESIC package.

Good luck with creating an ESIC story for, not only one, but perhaps a dozen of your clients and prospects, over the next 12 months, in 2016/17 – the year of business advisory services!

Peter Towers

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