

Editorial Note

Welcome to the latest edition of the Pilot Directions newsletter.

As we settled into the second half of 2025, the past few months have seen a flurry of activity across the firm, supporting clients with new year planning, and helping them respond to key changes for 2025/26.

The media has been abuzz with the Federal Government's productivity reform discussions. Whether the Government will have the appetite and fortitude to present the significant reforms

the country needs remains to be seen. Regardless, some changes will result that will impact FY2026 and beyond.

As always, our focus remains on helping clients stay informed and prepared. Whether it's navigating legislative updates or exploring new opportunities, we're here to ensure our clients are well-positioned for the months ahead.

Our articles this edition focus on some important topics that we regularly assist clients with.

Our Corporate Advisory team discuss how a healthy finance function is critical, and what to do if you need to fix elements of this within your business.

Our Business Advisory team provide a handy comparison of the various structures that can be utilised for investing in an era where superannuation may cease to be the answer for some. The wrong structure can significantly impact a number of outcomes, including tax rates, level of asset protection, and compliance costs.

This quarter, our client case study profiles ArcMate, a proudly local business focused on providing innovative, durable products to enhance the adventures of Australian camping enthusiasts. With international campers next on the radar, this is an exciting story to share.

We hope you enjoy this edition.


MURRAY HOWLETT



Why finance functions fail and how to fix them

A well-structured finance function is more than a back-office necessity - it's a strategic asset. Yet many businesses operate with outdated systems, unclear roles, and reactive reporting that quietly expose them to serious risks.

Chris King and Cameron Woodcroft from our Corporate Advisory team have seen it firsthand: neglected finance functions can lead to poor decision-making, cash flow surprises, regulatory noncompliance, and stakeholder distrust. These issues often stem from mismatched skill sets, inefficient processes, and a lack of clarity between governance and management roles.

If you're a business owner, you don't need to be a finance expert to know when something's off. But you do need the appropriate skills fulfilling the required roles, with efficient and effective systems and processes behind you. And if you're an advisor, helping your clients get this right

can be the difference between risk and resilience.

So what does a strong finance function look like?

- ✓ It starts with **clearly defined roles** - knowing whether your business needs a CFO, financial controller, bookkeeper or other relevant finance role.
- ✓ It also means investing in **integrated systems, timely and accurate reporting**, providing information to allow operational personnel to make informed decisions, and a culture of **accountability and trust**. Businesses that get this right not only reduce risk but unlock operational efficiency and strategic agility.

The importance of understanding your financials

Having visibility of financials is essential for any business. According to the ABS, 46% of Australian businesses reported rising operating expenses in 2025, while 41% faced ongoing supply chain disruptions. Without timely and accurate financial

data, navigating these pressures becomes guesswork.

Spot the gaps in your finance function

To help organisations assess their current setup, Pilot Partners has developed a **Finance Function Health Check Checklist** - a practical tool that outlines warning signs and traits of high-performing finance teams. This is ideal for internal use and can spark meaningful conversations about structure, capability, and improvement.

Learn more

If you'd like to discuss your finance function or explore how to strengthen it, contact **Chris King, Cameron Woodcroft** or your Pilot advisor on (07) 3023 1300.

Watch our webinar
Scan the QR code to discover how to turn your finance function into a strategic advantage.



Choosing the right structure for investments



Selecting the right structure for passive investment or business operations can significantly impact your tax outcomes, asset protection, and operational flexibility. Each structure offers distinct advantages and limitations.

For instance, while trusts may provide access to capital gains tax discounts, they can also introduce complexities such as minimum principal and interest repayments under Division 7A when company funds are borrowed to purchase assets.

Our comparison table is designed to highlight some of the key attributes of each structure and how they differ.

While this table provides a high-level overview, the best structure for your situation will depend on your specific objectives, timeframes and circumstances.

You should always seek professional advice when considering your next investment or business structuring decision to determine the most appropriate structure.

Learn More

If you would like assistance with ensuring you have the right structures set up for your investments or business, contact **Josh Meggs** on jmeggs@pilotpartners.com.au or your Pilot advisor on (07) 3023 1300.

	INDIVIDUAL	COMPANY	DISCRETIONARY TRUST	SELF-MANAGED SUPER FUND
TAX RATE - ENTITY	▲ Marginal Tax Rates (up to 47%).	✓ 25% Base Rate Entity or 30% (until payment of dividend, where ultimate beneficiary is taxed).	✗ 47% (only if income is retained, else 0% and beneficiaries are taxed).	✓ 0% (Pension Phase subject to Transfer Balance Cap) or 15% (Accumulation Phase or over Transfer Balance Cap).
POTENTIAL LIFESPAN	Life of individual.	Perpetuity.	Up to 125 years in Queensland, often 80 years in other states.	Perpetuity but, practically, lives of individual members.
TAX ON DISTRIBUTIONS/ WITHDRAWALS	✓ No further taxes.	▲ Tax rate of ultimate recipient (potentially with franking credit for company tax already paid).	▲ Tax rate of ultimate beneficiary (potentially including any franking credits or CGT discounts).	✓ Generally tax free where the member is aged 60 or more. ▲ Can be 16.5% on death benefit payments to non-dependents.
OTHER TAXES TRIGGERED	✓ No further taxes.	▲ Loans or payments to shareholders and their associates can trigger Division 7A which requires minimum principal and interest repayments over 7 or potentially 25 years.	✓ No further taxes.	✗ Concessional contributions by individuals potentially subject to additional 15% Division 293 tax. ✗ Increases in value on the proportion of a member's balance that exceeds \$3m proposed to be subject to an additional 15% at the individual level.
DISCOUNT PERCENTAGE – CAPITAL GAINS (>12 months)	✓ 50%.	✗ 0%.	▲ 50% on distribution.	✓ 33.33%.
SET UP EASE and STRUCTURE COMPLEXITY	✓ Simple.	✓ Medium (companies are well understood around the world).	▲ Complex (trusts have various roles which can be difficult to understand).	▲ Complex.
LEVEL OF ASSET PROTECTION PROVIDED	✗ Low.	▲ Depends on shareholder(s).	✓ High (where a corporate trustee is used), else Medium.	✓ Very High (Be wary of pension phase).
FLEXIBILITY OF DISTRIBUTIONS	✗ Rigid.	✗ Rigid.	✓ Very Flexible.	✗ Rigid.
LEVEL OF REGULATION	✓ Low.	✓ Medium.	✓ Medium.	✗ Very High.
COMMON COMPLEX TAX COMPLIANCE CONSIDERATIONS	✓ Minimal.	▲ Division 7A, Franking Credits.	▲ Section 100A, Unpaid Present Entitlements, Distributions, Family Trust Elections.	▲ Non-arm's length income, Death benefits.
COMPLIANCE COSTS	✓ Low.	▲ High (where shares are owned by a discretionary trust), else Medium.	✓ Medium.	✗ Very High.
FLEXIBILITY OF OPERATIONS	✓ No borrowing restrictions. No limitations on permitted investments.	▲ No borrowing restrictions. Some limitations on permitted investments (consider Division 7A and Fringe Benefits Tax where assets are used privately). If money kept in company, ok.	✓ No borrowing restrictions. Some limitations on permitted investments (consider Division 7A and Fringe Benefits Tax where assets are used privately).	✗ Limitations on borrowing. Limitations on permitted investments.
EXIT/CLOSURE COMPLEXITY	✓ Simple.	✓ Medium.	✓ Medium.	✓ Medium.
ABILITY TO NAVIGATE FUTURE REGULATORY CHANGES/COSTS	▲ Difficult/ Medium.	▲ Difficult/High.	▲ Difficult/High.	✗ Very Difficult/Very High.



Client case study:



When starting out in a new business venture, it is critical to have the right professional advice from the beginning. Pilot Partners provides expert accounting and advisory guidance to many new businesses who can benefit from assistance with their business setup, planning and structuring.

Background

ArcMate is a proudly local business committed to equipping Australian campers with a convenient, all-in-one portable fire pit. Thoughtfully designed for simple storage and effortless transport, it delivers hassle-free campfire cooking anywhere, anytime.

Pilot Partners has worked with the founders of ArcMate for nearly a decade, providing trusted advice across accounting, tax, bookkeeping, and business structuring for their previous ventures. In recent years, this relationship has grown to include ArcMate, with Pilot supporting the founders through the planning and successful establishment of the business.

Solutions from Pilot

Josh Meggs, Partner, along with Kevin Duong, Associate Director and the Pilot team have supported Michael Kirkland - one of ArcMate's founders - with accounting and advisory solutions for another business venture. When Michael pivoted to starting up the new business with his wife Cassandra, it was a natural fit for them to work with Pilot.

"Working with Josh, Kevin and the Pilot team helped ensure our new business was set up for success from the start, including having the right structures in place to minimise risk. As ArcMate sales and business operations have grown, the Pilot team has provided valuable accounting and tax advice, as well as bookkeeping services and BAS reporting support, giving peace of mind that everything is nicely integrated and everyone knows exactly what's going on from a financial perspective at any given time. It's also reassuring to know that we can call Josh or Kevin, as they always make themselves

available to talk," explained Cassandra Kirkland.

Pilot's strong relationship with the founders, combined with a deep understanding of the ArcMate business, helps drive confident decision-making and successful outcomes. "Through our regular monthly conversations with Cassandra, I'm able to act as a sounding board and provide timely, tailored advice, giving the ArcMate team clarity and confidence that they're heading in the right direction," shared Kevin Duong.

As the founders begin shaping ArcMate's offshore expansion plans, Josh and Kevin have been able to explain the Australian implications of having international structures. Leveraging its membership in Nexia - the global network of independent accounting and advisory firms - Pilot has also facilitated introductions to international accounting specialists in countries such as Germany and the United States. These global connections are helping position ArcMate for a successful next phase of growth. "Knowing the right people in foreign jurisdictions allowed us to have online meetings with Michael, Cassandra and the relevant overseas advisor. With our knowledge of tax laws we could help ensure the right questions were asked of the overseas advisor. It is really important that clients understand how much profit will be left after all taxes, foreign and domestic, are paid," explained Josh Meggs.

Looking Ahead

Before international expansion can become a reality, one of ArcMate's key priorities is to ensure product supply can meet customer demand within Australia.

"With local sales consuming our stock more quickly than we can produce it, our immediate priority is to maintain and stabilise stock in Australia, as we are consistently sold out. Once we can achieve this goal, we will evaluate other markets," Cassandra shared.

As ArcMate continues to explore opportunities for international expansion, Pilot remains committed to supporting the business with advice to establish tax-effective, cross-border accounting processes. This includes evaluating the implications of various sales channels and international business models to help the founders make informed strategic decisions. In parallel, Pilot will leverage its strong global network to introduce ArcMate to international accounting and legal firms, providing introductions to other trusted advisors, and the additional support needed to help turn their overseas growth plans into a reality.

About ArcMate

ArcMate is an Australian-owned family business, focused on providing innovative, durable camping products to enhance camping adventures. Based in Brisbane, Queensland, and founded by Michael and Cassandra Kirkland in 2024, ArcMate specialise in innovative camping accessories designed to not only enhance outdoor experiences but to provide convenience.

ArcMate are dedicated to creating adventure ready camping gear, with products that combine functionality with ease of use, ensuring time spent in the great outdoors is both enjoyable and stress-free. This commitment is complemented by exceptional customer service and genuine advice to ensure users get the most out of their ArcMate products.

To learn more about ArcMate, visit <https://arcmate.com.au/>

Learn More

To learn more about how Pilot Partners can assist with your business' needs, contact **Josh Meggs** at jmeggs@pilotpartners.com.au, **Kevin Duong** at kduong@pilotpartners.com.au or call (07) 3023 1300.

Welcome to the Team

Pilot welcomes the following new team members.

Faaiza Habib joined Pilot as HR Manager.

Josh Henderson joined as a Graduate Accountant in our Corporate Advisory team.

Charlotte Hellier joined as an Administration Assistant in the Administration team.

Chantelle O'Reilly joined as an Administration Assistant in the Business Advisory team.

Chelsea Hicks joined as Receptionist and Administration Assistant in the Administration team.

We also welcomed **Ariel Whong** on secondment with us from Nexia Singapore, working in the Corporate Advisory Team as an Accountant.

Socials & Events

Congratulations

This quarter, we're proud to recognise **Simon Barry** for reaching an incredible milestone of 25 years with Pilot. Congratulations and thank you Simon for your decades of hard work and contributions that have helped shape the firm.

Happy anniversary wishes and congratulations also go to **Jo Inglis** celebrating 10 years with Pilot. Thank you Jo for your all of your efforts and the continued commitment you bring to the team.

And rounding out our anniversary celebrations, **Oliver Smeaton** marks 5 years with Pilot. Thank you Oliver for the contributions you've made over this time.

Congratulations to a number of members of the Pilot team who recently graduated from university.

We're proud to celebrate the achievements of **Tom Dorries**, **Jacob Day**, and **Mac Stenson**, who have each completed their degrees after years of dedication and hard work. Well done to them all.

Warmest congratulations go to **Tom Howard** and his wife Jess on the arrival of their baby girl Rosemary this quarter.



Baby Rosemary



EOFY Party



EOFY Party



EOFY Party



Movie Night - Mission Impossible



Movie Night - Mission Impossible



Movie Night - Mission Impossible



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