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“Success is not final; failure is not fatal: It is the courage to continue that counts.”

– Winston S. Churchill

# She did what? #oops



**F**or many busy organisations (large or small) social media can easily be a case of “Yeah, I guess we should do that – get Susie to do it, she’s young.” And perhaps you will get lucky, but being the youngest and hippest member of the team may not really be the skills required for an effective social media presence (just Google “social media disaster” for examples!).

As always, anything worth doing is worth doing well and your return on investment will be higher if you resource the work properly. If your organisation is ready to wade into the world of social media, one of the first steps is deciding who will manage it.

To choose the right person you need to understand how and why you are going to use social media. You may find it is a case of a team approach being most appropriate; with representatives from different departments (such as marketing, sales and customer service) working together, with one person being the hub of the social media team to provide a cohesive message and consistent brand.

So which person or people are right for the job?

Who has a good understanding of how social media works – or has the nous to find out? Investment in social media training is an option, so it may be a case of finding the right person and up-skilling them.

Who has the time to check accounts, update and reply regularly? Unanswered queries and complaints

reflect badly on the organisation, and weeks passing without a post can leave potential customers wondering if anyone is home.

Who has the right customer service skills to deal with questions, comments, compliments and complaints? What this person does (and does not) communicate through social media is public so it needs to be someone with the maturity to make good judgement calls and the written literacy to be articulate.

Once you have chosen a person or team there are a few more things to take into consideration.

How each social account is set up – who has admin rights? If you have a single administrator and they leave the company they can take control of your account with them, or if they go on holiday your account can fall silent.

What kind of content and conversations will your audience be interested in? Find out and cater to that.

How will the social media work be evaluated? And how much time are they to allocate to this part of their job?

More than anything think about how far and wide your social media efforts might reach. Future clients, employees and investors will probably check out your profiles before they do business with you – is the impression you’re giving the right one?

[www.thecontentagency.co.nz](http://www.thecontentagency.co.nz)

## Read every word of insurance policies

Strangely, one of the biggest risks in business is our insurance policy.

We’re all familiar with the problems Canterbury people have had with their home insurance. If ever there was a document you need to read very carefully it is your insurance policy.

We’ve heard of someone buying travel insurance for a six-week period only to find, when a claim was lodged,

that the policy was limited to a maximum of one month away from the country.

Read every word of your insurance policy and if there’s anything which is not clear or looks as if it’s not covered, raise the matter with the insurer or agent.

Make sure you get a response in writing. A telephone conversation is not enough.

“If you can dream it, you can do it.”  
– Walt Disney

# Keeping an eye on your team's morale?

A vital ingredient of any successful business is team morale. It becomes of paramount importance your business is going through difficult times, and we don't just mean "hard times".

**D**ifficult times come in many shapes and sizes. The difficulty could be caused by cashflow restrictions or a **downturn in business**, or the difficulty could equally be of the opposite kind – more business than you're geared up to cope with.

Either way, there'll be a fall-out on your team and you'll want to keep a close watch on the morale in your business workplace. 5 simple ways to keep morale right where you want it:

## 1 Check The Mood

A morale problem is impossible to fix if you don't know about it. Maintain an open door policy. Make it clear your team is always welcome to raise concerns and ask questions. Don't forget for every team member that comes to you, there are others who are less vocal. They have issues too but aren't so upfront about expressing them. You can help by being proactive and keeping in tune and in touch with individual employees.

## 2 Don't Keep Information To Yourself

It pays to be sharing information with your employees - not just at the **weekly staff meeting**, but all the time. Tell your

team as much as you can, as soon as you can. Keeping your team in the loop with business information as it happens will build trust. It will also increase your team's engagement and boost motivation on a day to day basis.

## 3 Watch Out For Conflict

Address any **conflict in your business** fast, and fix it quickly. Ensure that when you resolve the conflict you address the problem, and not just the symptom. Otherwise you run the risk of putting a bandaid on an issue that will raise its ugly head again. When this happens it's often larger and more destructive than the first time.

## 4 Be Aware Of Burnout

Pay attention to the needs and workloads of your team members. In particular the most productive ones are apt to suffer from burnout. Are they receiving the support they need from other team members? Or are they carrying most of the burden themselves, and bearing the brunt of the pressure?

If so, redistribute some assignments. You could also consider bringing in

interim contractors to help with the current overload.

## 5 Take Care Of Your Employee's Aspirations

Perhaps you're not in a position right now to make promises about raises or promotions. This should not stop you talking to your team about their career paths. Taking on difficult responsibilities may interest them. They may like to pursue different training or educational opportunities.

What if you can't deliver on everything on their wish list right now? Give them assurance that you'll be looking to make their roles more rewarding as the business outlook improves.

If you can take these 5 easy steps you're well on the way to maintaining an energising and uplifting morale in your business .. and well on the way to coming through your "difficult" phase – on top!

[www.fullfocus.co.nz](http://www.fullfocus.co.nz)

**"If you really want to do something, you'll find a way. If you don't, you'll find an excuse."**

– Jim Rohn

# Key person cover – is your business vulnerable?

One of the most common forms of risk within a business, can often be overlooked. This is when a person responsible for a high percentage of the business revenue (whether an owner or an employee) is no longer able to perform their occupational duties.

**T**hese people are generally referred to as 'key', and are recognised as having knowledge, work experience and business contacts which are considered unique and valuable to the ongoing success of the company.

A business owner is usually careful to keep plant, stock and building insurances up to date, but is often unaware of other insurance options that are available to protect the cash flow of the business whilst a key person is unable to work.

If a key person suffers a serious illness or injury that keeps them away from the business for an extended period of time, the business is not only required to fund and train a replacement person, but also ensure that other business costs are met, to maintain their profitability. For some businesses, this can be virtually impossible when the event occurs unexpectedly.

If no prior planning for such an event occurring has been done, the ongoing effects can potentially result in the eventual liquidation and closure of the business and the employees in the company losing the livelihood which supports themselves, their families and community.

Business revenue protection contracts have evolved

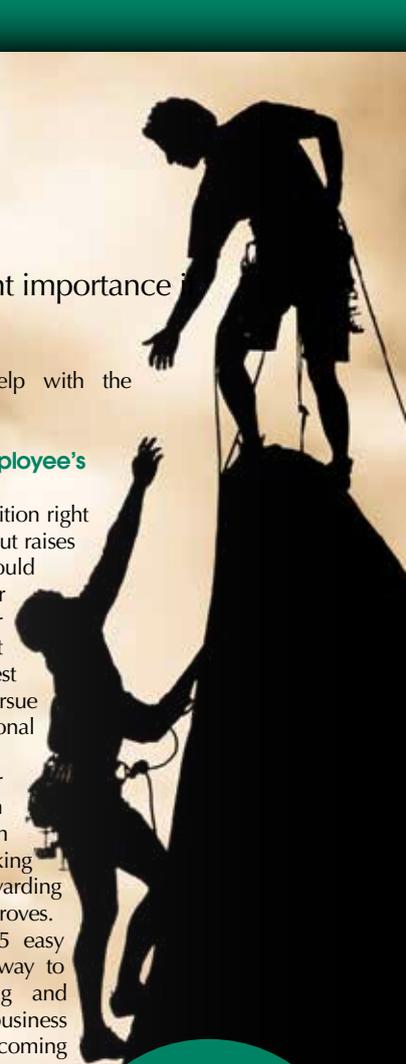
over a period of time and are continually being enhanced to ensure they are meeting the needs of the business owners. Whereas in the past it was common to have to prove ongoing expenses and company loss at claim time, there are now contracts available which can agree at application time to pay up to sums of \$60K per month direct to the business.

As a Key Person or Revenue Protection cover is paid to the business, it is important that individuals whose lives are insured on these contracts understand that this is not their personal insurance, and the money in the event of a claim will not be paid directly to themselves, but rather to the business.

If the purpose of the contract was to provide an ongoing salary from the business to the key person, this should be documented in their shareholder or employee agreement, when the contract is put in place, to avoid any confusion at claim time.

When considering this type of cover, it is always recommended that you seek advice from professionals, including your accountant, lawyer and risk insurance advisor, to ensure that any contract put in place suits the purpose it was intended.

[www.solutions.gen.nz](http://www.solutions.gen.nz)



# Fraud

Business owners can help protect their businesses from employee theft and fraud by following these recommendations:

## 1 Have established policies and procedures.

Written job descriptions, clear organisational structure, comprehensive policies and procedures, open lines of communication between management and employees, and positive employee recognition will all help reduce the likelihood of internal fraud and theft.

**2 Internal controls.** These measures are designed to ensure the effectiveness and efficiencies of operations, compliance with laws and regulations, safeguarding of assets, and accurate financial reporting. The controls for safeguarding assets and financial reporting require policies and procedures addressing:

**Separation of duties.** No employee should be responsible for both recording and processing a transaction.

**Access controls.** Access to physical and financial assets and information, as well as accounting systems, should be restricted to authorised employees.

**Authorisation controls.** Develop and implement policies to determine how financial transactions are initiated, authorised, recorded, and reviewed.

## 3 Pre-employment background checks

are an excellent way to cut down on hiring dishonest employees. A thorough pre-employment background check should include:

- Drivers licence check for numerous or serious violations;
- Educational verification for degrees from accredited institutions;
- Employment verification of positions, length of employment and reasons for leaving.

**4 Perform regular and irregular audits.** Every employer should have regular assessments, but random, unannounced financial audits and fraud assessments can help identify new vulnerabilities, and measure the effectiveness of existing controls. It also lets employees know that fraud prevention is a high priority for the organisation.

Implementing these recommendations can dramatically reduce the opportunity for employee theft and protect the assets of your business. If you suspect fraudulent activity by an employee, seek professional assistance to conduct the investigation. Determine what's necessary to protect your business and prevent a reoccurrence.

*"If you really look closely, most overnight successes took a long time."*  
— Steve Jobs

# Being a trustee carries responsibilities

Every so often we remind clients of the risks involved in being a trustee. It doesn't matter whether the trust is a family trust or a charitable trust. Trustees are directly responsible to the beneficiaries for their management of the trust assets.

**B**eneficiaries can sue trustees. In a family trust, it is not necessarily a beneficiary who causes the trouble. It can be the spouse of the beneficiary who makes the bullets.

There are also obligations to the Inland Revenue Department. Until you advise Inland Revenue you've ceased to be a trustee, you're still personally responsible for its taxes.

## Wait for profits

Also from a tax perspective, you should remember if the trust makes losses they can't be passed out to the beneficiaries. You have to wait until the trust makes profits before you can use up the losses. So, if you buy an asset which is expected to generate ongoing losses for some time, it might be better to not have it owned by your family trust.

Perhaps it should be owned by someone who can use the losses to save tax. It can be transferred to the trust for asset protection purposes at a later time. This would normally be when it's making profits (trustees don't generally want loss making assets) but, of course, this may mean additional costs.

## Don't be passive

There is no such thing as a passive trustee. If you choose to be passive, be it on your own head.

Some years ago X and Y were appointed



trustees of a family trust. Immediately, they decided they would hold quarterly meetings. At one of these meetings one of them proposed the trust should take out an insurance policy on a factory owned by the trust, for loss of rent in the event of fire or other accident.

Two years later the factory burnt to the ground. This serves as a very good example of how trustees ought to operate. They ought to hold regular meetings and minute decisions made.

## Interference

What if the person who set up the trust wants to interfere? Maybe he/she didn't want to incur the premiums for taking out that loss of rents insurance policy.

The answer is simple. If you're a trustee, it's your job to steer the ship. Your responsibility is to look after the interests of the beneficiaries. You and your co-trustees make the decisions. If anyone starts to bring pressure on you to do as they wish, the correct course of action is to resign. Above all, never be a passive trustee.

*"There are two types of people who will tell you that you cannot make a difference in this world: those who are afraid to try and those who are afraid you will succeed."*

— Ray Goforth

## Tax calendar

### September 28

2nd instalment of 2017 Provisional Tax (December balance dates)

### October 28

First instalment of 2017 Provisional Tax for those with March balance dates, who pay GST twice a year.

### November 28

1st instalment of 2017 Provisional Tax for those with June balance dates.

## Shareholder/employees

Currently, you are either a provisional taxpayer or you get a PAYE salary. A mixture of the two is not strictly permitted unless the provisional income is at least half the PAYE salary.

In practice, it makes very little difference and for this reason, the Inland Revenue Department is proposing to do away with the restrictions and allow shareholder employees to take a PAYE salary and then top up their incomes at the end of the year, once the profit is known. We look forward to this change becoming law.

## Debt forgiveness

It may seem extraordinary but if someone forgives you a debt, from a tax perspective, you have taxable income unless the debt is forgiven for natural love and affection.

In this context the lender can only have natural love and affection for their relatives or a trust where those relatives are beneficiaries.

If you're structuring a business deal, don't include debt forgiveness. For example, A says to C: "I'll sell you my shares for \$40,000 and forgive you the debt you owe me of \$10,000". It would be better to sell the shares for \$30,000 and insist on the debt being repaid.

# Maximising your property investment

Over recent years the focus for most property investors has been on capital growth given the increase in house prices. With recent interventions from the RBNZ on loan to value ratios and the potential future change in loan to income ratios it's more important than ever to maximise the return from your investment on a day by day basis. The key is selecting the right tenants. This not only means them paying the rent on time but also looking after the property and reducing void periods.

7 invaluable tips to maximise your returns:

**1 Reference check** – Always ask prospective tenants for references and **always** call the referees. Many private landlords rely on their assessment of prospective tenants rather than asking them to provide references, but this approach can leave you open to problems down the track.

**2 Credit check** – Referees may be reluctant to make negative comments about a colleague or friend, so it's vital that you perform a credit check on prospective tenants. One-off credit checks can be made by most debt collecting agencies, but you need the tenant's permission first.

**3 Take photos of the property** – You can make huge savings on wear and tear, reduce redecoration downtime (and therefore maximise rental income) and minimise the time spent involved in disputes, by extensively photographically recording your property's condition before tenants move in. Remember to give the tenant copies of the photos and ask them in writing to contact you if they believe the photos aren't accurate. If you don't do this, the photos will be worthless. Your property will be better looked after and the bond can be used to pay for any redecoration that may be needed because of greater than normal wear and tear. If disputes go to tribunal, good photos showing the condition of the property prior to occupancy can help you win the case.

**4 Clearly outline your expectations in the tenancy agreement** – The tenancy agreement is the place to outline what you expect from your tenant. The agreement must state clearly if there are to be no pets, parties or smoking, the

maximum number of occupants etc. Failure to make specific conditions clear can lead to disputes and if the matter goes to the Tenancy Tribunal, an unclear agreement puts you in a precarious position. Also be aware that neither party can sign away their rights under the Residential Tenancies Act. Even if both parties agree to a clause at the time of signing a tenancy agreement, this clause may not be upheld if a dispute is taken to the Tenancy Tribunal.

**5 Opt for a fixed term tenancy over a periodic tenancy** – You may have a good tenant who is going to pay the rent and look after your property, but if you sign them onto a periodic tenancy instead of a fixed term tenancy they could leave giving just 21 days notice. This gives you very little time to find a new tenant and creates an unnecessarily long vacancy, costing you in lost rent. A fixed term tenancy, on the other hand, enables you to protect against the property becoming vacant at a time of the year when tenancing is difficult, such as November/December or in mid-winter.

**6 Take the maximum bond possible** – After meeting prospective tenants and being impressed by their appearance, many private landlords feel no bond, or only two weeks bond is necessary. But it's very easy for a property to be damaged, potentially leaving the owner out of pocket by thousands of dollars. Given the tenants are being given the right to live in an asset worth hundreds of thousands of dollars you should always insist on talking the maximum bond possible of four weeks.

**7 Lodge the bond with the department of building and housing** – Always lodge the bond. Not lodging the bond with the department of Building and Housing is illegal, and means you could be fined up to \$1,000 if a tenant takes you to the Tenancy Tribunal. The actual amount is at the discretion of the adjudicator, but you could also lose many hours dealing with the tenants and attending the hearing.

Source: Website: [www.quinovic.co.nz](http://www.quinovic.co.nz),  
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## Changes in Particulars

Please remember to let us know of any changes in:

- Physical address • E-mail address • Phone and/or fax numbers
- Shareholdings • Directorships • Trustees

Or anything else that may be relevant.

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