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HOW TO MAKE SURE YOU GET



Wouldn't it be great if your customers paid the entire price up front – before you started the job?

Although it's not impossible to get such favourable terms, it usually doesn't work this way. It all depends on your bargaining power, e.g. if there's little or no competition and your product or service is in high demand – you might be in luck. But most small businesses do not have that kind of power. You can, though, often set payment terms or put systems in place that minimise the risk of not getting paid.

What can you do to reduce the risk of not getting paid?

- Be absolutely clear about your payment terms and ensure your customers understand them. Include your terms in your "quote" so there is no cause for misunderstanding.
- Make sure you follow through on your terms of payment. The old adage is true here "give them an inch and they'll take a mile". Any slippage by you in this area will leave the door wide open for your customers.
- Don't wait until the job is completed to invoice your customers. Get them to pay a portion of your charges upfront (similar to a deposit). Depending on your industry, progress payments may be acceptable. A final payment can be made on completion of the job.
- Encourage customers to pay by credit card.
- Have as much of the transaction as possible clearly documented and signed (wherever possible) –

quotes, work orders, purchase orders, sales invoices, packaging slips etc.

- Allow customers to take early payment discounts.
- For accounts that are past due, follow up with a phone call straight away.
- Consider charging interest on balances that are past due.
- Do credit checks on new customers.

Debtors who won't or can't pay

If you're in the unpleasant situation of having debtors who simply cannot or will not pay, there are a couple of ways you could deal with it.

- Work out an agreement that works for both of you. E.g. regular automatic payments to pay off the outstanding amount in a manner that works with your debtor's cashflow.
- Bring in the debt collectors or have someone outside your business manage your debts. As an independent third party they can handle your debtors in a way that you'd find difficult, given your business relationship with the debtor.
- If the debt is small, you may consider simply writing it off and not doing business with that customer again.
- Take legal action? This may cost you a lot of money and frustration, so beware. You may force your debtor into bankruptcy, but it will not guarantee that you get your money back. If the money's not there, then it's not there. Think carefully before you go down this tunnel.

Your very best protection is to keep a tight control on your debtors.

Source: www.fullfocus.co.nz





YOUR TEAM – YOUR ASSET

A key part of being well positioned for the forthcoming year will be the strategy you have in place around your people – your biggest asset!

Areas to consider in regard to your people could include:

Structure

Is your team structure right for the current environment? Are you well placed for any changes in the economy? Do you have flexibility to quickly up or down scale the size of your team if required? Temporary support is an ideal solution when you're seeking flexibility in your workforce.

Recruitment

Do you have a robust recruitment process in place? How do you ensure you are able to find the best people in the market? Employment brand and candidate attraction strategies play

a significant role in securing the right people for your team.

Engagement

Does your business benefit from an engaged, enthusiastic team? Factors that contribute to employee engagement might include : perceptions of job importance, clarity of job expectations, learning & career advancement opportunities, constructive feedback & working relationships with colleagues.

Retention & Remuneration

What can you be doing to ensure you retain your best people? What's important to them? Sometimes the small things really count for a lot and it doesn't have to cost a fortune to foster a workplace people enjoy being a part of.

Your remuneration strategy is vital to get right – both when you're recruiting a role and during the lifetime of that role. Pitching the salary package at an appropriate (and attractive!) level when you're recruiting will ensure you attract the right candidates from the market.

Source: www.eclipserecruitment.co.nz



When your home is in a trust

It's common to allow a family to live in their home owned by a family trust, on the basis the family pays all expenses. If this agreement isn't documented, the payments made by the family could be treated as either rent paid for the use of the house, gifts to the trust or loans to the trust. Remove the uncertainty by making sure there is proper documentation. One way of doing this is to get the trustees to record an appropriate minute in a meeting.

There is often a mortgage over the house.

The capital repayments on the mortgage are the responsibility of the owner, the trust. If you make those payments then, again, you're either making a donation to the trust or it owes you the money. Solution – documentation. If you choose to make it an increase in the trust's debt to you then you need an ongoing record to show the accumulated liability of the trust.

In a nutshell, you need some accounting done. While this might not need to occur every year, it should be done regularly.

Companies Act Amendments

As of 1 May 2015 new registration requirements will be introduced by the Companies Amendment Act 2014 (the Act) which will affect new applications to incorporate a New Zealand Limited Liability company with the Companies Office. Existing companies on the Companies register will have 180 days to comply with the New Zealand 'resident director' requirements listed below.

Important changes introduced by the Act coming into effect will require:

- All New Zealand incorporated companies to have a director who:
 - Lives in New Zealand or
 - Lives in Australia and who is also a director of an Australian incorporated company.
- All directors to provide their place of birth and date of birth.
- All companies to supply their ultimate holding company details (if applicable).

The aim of the Act is to assist with the prevention of misuse of New Zealand companies and provides the Registrar with additional powers.

The Acts will also enhance the powers of the Register of Companies to investigate non-compliance of companies by:

- Introducing offences for very serious misconduct by directors that results in serious losses to the company or its creditors.
- Aligning the company reconstruction provisions in the Companies Act with the Takeovers Code.

Wider powers to collect tax

Effective from 1 January 2015, a convention with relevant overseas countries comes into effect. It allows for the tax authorities of signatory countries to swap information about taxpayers and to assist in the collection of outstanding tax. This includes serving documents on offenders living overseas, who have not paid their NZ tax.

Minimum Wage Increase

From 1 April 2015 the minimum wage will increase from \$14.25 to \$14.75 an hour and the starting out wage will increase from \$11.40 to \$11.80.

The starting out wage is eligible to:

- 16 to 17 year olds
- 18 to 19 year olds who have been on a benefit for six months or more
- 16 to 19 year olds training for at least 40 credits a year with an approved provider as part of their employment agreement.

NB Once these employees have completed six months work for the same employer, or become involved in training or supervising then the starting wage is not available and they must be paid at least the minimum wage.

Source: *RSM Prince*

NETIQUETTE

blogging for business

Business blogging has increased rapidly, as by writing one and keeping up to date with it, you can help drive traffic to your website and increase your business' rankings in search engines. If you do have a business blog, think about what you're posting before you post it and remember:

- **Be mindful** – always think about your audience and who will be reading your blog. Remember to keep each entry to a relevant length.

- **Respond to comments** – don't ignore the people commenting on your blog. They, along with other readers, will show more of an interest and will respect your feedback. And if someone says something nice, share it on your blog!

- **Comment on other blogs** – find other blogs that have similar business interests. It's not only healthy to be aware of the competition, but at the same time, you will raise



your own profile.

- **Give credit where it's due**

– if you do post content from another blog, acknowledge your source and link back.

- **Be the bigger person** – don't be put off if you encounter the odd mean-spirited comment on your blog. People feel safer in cyberspace to dash off a nasty post and click 'Submit' before they've thought it through. Respond calmly or not at all. If it's bad for business, just block them.

- **Check it** – go over your spelling and grammar with the proverbial fine tooth comb. Readers will disengage if they spot too many errors.

WORKING FOR FAMILIES

Tougher new rules to determine family income started from 1 April 2014.

The objective is to include in family income anything received regularly which is used to meet regular living expenses. For example, if you take a lower salary and get a car in lieu, the salary reduction has to be included in family income. Similarly, the legislation is designed to stop people sheltering their income in a company or family trust.

The list of adjustments is long and the rules are complicated. If you have a claim for Working for Families, we'll need more information from you. If you download form IR 215 from the Inland Revenue website, you'll get a good idea of what we need to know. You'll also find a calculator on the IRD website.



The Top Five Social Media

Do's & Don'ts

- 1** Go where your customers are – if they are online, then you need to find a way to connect with them.
- 2** Do stand proudly by who you are, and what you do, and keep to brand, while also displaying your own personality. People connect to people, not a brand.
- 3** If your brand is a visual one, use visual media. Use visual platforms such as Pinterest, Flickr, YouTube.
- 4** Start with a plan you can continue. Social media is more about consistency than sporadic dumping.
- 5** If you aren't going to use social media yourself, at least allow your customers to by adding social sharing buttons on your websites (preferably next to products and shareable information).

- 1** Don't allow someone else to steal your social media real estate (your brand name).
- 2** If you can't tell someone your brand values and USP (unique selling proposition), don't jump on social media until you've sorted it.
- 3** Don't start using social media if it's not going to get updated and nurtured regularly.
- 4** Don't wait until there is a problem to write a social media policy for your people.
- 5** Don't ever design a "viral" campaign unless you have a mammoth list of active sharers.

Source: Rachel Goodchild from THE Marketing Company

Paid Parental Leave Increase in 2015

Paid parental leave is a government-funded entitlement to eligible parents who are self-employed or in paid employment. It's paid to offset the loss of income that working parents experience when they take parental leave from their work to care for a child.

Paid parental leave is paid by Inland Revenue on behalf of the Ministry of Business, Innovation and Employment – it's not paid by the employer.

Eligible parents can receive parental leave payments for up to 14 weeks. This will increase to 16 weeks for babies expected/born or a child under the age of six adopted, on or after 1 April 2015.

Updated forms for self-employed parents, employees and employers to complete will be available on the IRD Website www.ird.govt.nz from 18 December 2014.





NETWORKING

What's your Elevator Pitch?

Do you look forward to networking events or would you rather tidy your sock drawer? For some people networking is a lot of fun while for others it's an ordeal. Yet it's a given that networking helps you put your business out there and keeps you in touch with leads and new ideas.

So... you've responded to the email from your local Chamber of Commerce inviting you to their next after 5 business networking event. The room is crowded and buzzing. You have a glass in your hand, a smile on your face and 30 seconds before the gaze of the person you're speaking with starts to drift.

One thing that can help is being confident you can say what makes your business special. This is sometimes called the 'elevator pitch', because you should be able to deliver it to a hypothetical stranger in a lift between the time the doors close on the ground floor and the time they open again on the top floor ('lift pitch' has somehow never caught on). You want something short, sparky and persuasive so your listener asks 'tell me more'. You can use elevator pitches in different situations. You might use one internally in your business to fire up your team about a new project. In a networking situation, use it to reach out to a prospective customer or collaborator, so they know what you do and what your business can offer them.

When you know you're going to a networking event, think about what you say when you meet people:

•What's your goal? Do you want to tell potential customers about your business? Do you have a great new product or service you want to introduce?

•What do you do? What's the customer point of view on your business? How does it make their life easier or better? If you can lay out some numbers

showing the value in what you do, all the better (though don't overdo it).

•Whom do you do it for? Is there a key market, such as builders or healthcare professionals? Can you refine this, maybe by specifying the scale of the business you serve ('small to medium sized') or characterising them by the challenges they face - 'time-poor small business owners'?

•Why should they care? What problem can you solve? Try phrases like 'who are looking for' or 'so they can'. Focus on how your business helps people and say which people. For example, 'we develop apps for businesses with roving staff who need easy access to client and financial information'.

•What makes you different? This is your unique selling proposition (USP). Why are you the better choice? Does your business offer something truly one of a kind or is your USP a combination of quality, service and/or convenience?

Think about how you say it, as much as what you say. Say it out loud until it feels natural. Make sure you feel good about it. If what you do excites you, chances are others will respond to that.

The next step?

Listen. Ask questions. Don't let your eyes wander, checking for someone more interesting. That's a first impression you don't want to create. The elevator pitch is where you can make that important first connection. After that, you have a chance to deepen the connection and build a relationship as your next phase of networking.



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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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