

Hugh's Views



Hard to believe that we are only about 6 weeks out from Christmas. Time flies when you are enjoying yourself and sometimes even if you are not. Our arrangements for Christmas are set out elsewhere in this newsletter.

We have coped pretty well over our peak period with Kathryn away. We are a little behind in terms of returns filed but given our performance last year we can live with that. We do get a bit frustrated sometimes at the delays we experience waiting on information to be provided so we can complete our work.

Since our last newsletter we have held presentations by David Bridgeman on marketing and on Financial reporting issues relating to Cash versus Profit. We would have liked to have had a

couple more but could not fit them into the time available. The next topics on our horizon are Managing your Debtors, a work shop/discussion group on the Xero Accounting package (Cloud Accounting) and a repeat of our Understanding your Financial Statements."

Our local body elections have been and gone with not too many surprises. The "action group" did not have a major impact. It tends to reflect the prevailing attitude in the area that change is not necessarily a great thing. Hopefully our new councillors will at long last get the opportunity to deal to our local water issues after much procrastination. My best wishes to all the councillor's elected and I hope they are able to achieve what they set out to.

In the bigger picture it is pleasing to see movement forward in investigating the Irrigation Options and that funding has been secured to progress the feasibility of the project proposed. There is little doubt that more water makes things grow, and if it is properly set up and managed it has to be good for our region.

In closing may I wish everyone the very best. I hope that 2013 has been kind to you and that 2014 will be even better.

FYI...

Employment Agreement: **An agreement between an employer and an employee stating the terms and conditions of employment. It is mandatory that each employee has an employment agreement and that the employer retains a signed copy of this agreement.**

Collective agreement: A collective agreement is an employment agreement that is negotiated by a union, covering a group of employees.



Spring Newsletter 2013

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Christmas Hours

Our office will close for the Christmas break at 1:00pm on Monday, 23rd December and will re-open on Monday 13th January 2014. If you require us over the holiday break please phone the office on 448 8060 and you will be directed to contact George Flannery who is on call over the holiday break.

For those clients who have wages to pay over this period please contact Christine well before the Christmas Break so we can set up any arrangements that might be required to ensure your wage commitments are met.



Scheme Swapping Across the Ditch

The Australian government recently announced that they have made changes to legislation that will allow New Zealanders to transfer their retirement savings from KiwiSaver into a compatible Australian scheme and vice versa. This legislation is the result of an arrangement between the New Zealand and Australian governments and removes an obstacle between the two countries, providing the ability for people to take advantage of employment opportunities in either country, while still continuing to contribute to a retirement scheme.

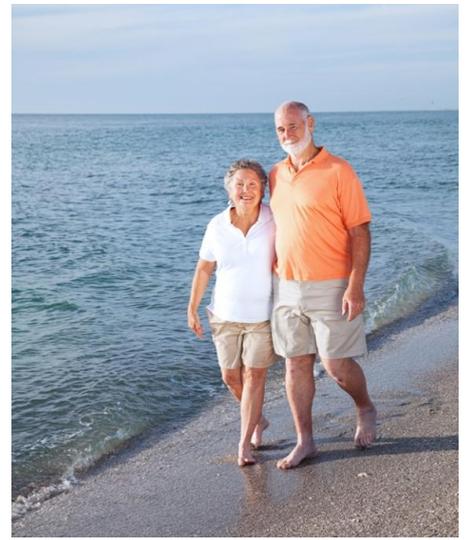
Australia's ruling is that it is compulsory for employees to be involved in a superannuation scheme. This means that previously, any Kiwis working in Australia who were contributing during the time of their employment had to leave that money in Australia when and if they returned to New Zealand.

The Australian Tax Office recently estimated that it is holding NZ\$21 billion in lost accounts, which has been put down to contributing Kiwis who have returned home and had to leave their contributions behind as a result. The new scheme will mean that this money can be transferred from the Australian scheme, to their scheme provider here in New Zealand.

The transferring of funds will not incur any entry or exit taxes but the downside is that Kiwis will not be able to use their Australian superannuation fund towards a new home. However any interest earned on the account may be used to do so.

The Australian scheme will have to comply with KiwiSaver in order for the transfer to be made as not all schemes are compatible.

If you have contributed to an Australian superannuation scheme in Australia and want access to your funds, visit www.kiwisaver.govt.nz



Invest in your business - invest in your staff

Your staff can often be one of the most valuable assets in your business. By investing in training, and taking the time to develop their skills, you will find that they not only feel valued as team members but it can also improve know how and the ability to adapt in unknown or new situations.

Although up-skilling is not always a low cost solution, it's important that it's viewed as an investment in your business. Some of the benefits to up-skilling include:

- Staff retention - employees who are given ongoing training feel valued and tend to remain loyal
- Improved quality and productivity - providing staff with the skills to deal with more challenging and potentially unexpected tasks
- The flow on effect - motivated employees have a more positive attitude and this can influence other members within your team
- Staying competitive - with a great team behind you, you have the potential to become the best in your market

There are many organisations now providing staff training programs throughout New Zealand. Before embarking on a training initiative, do your research. Ask yourself what you think would benefit your team and start from there. Take the time to invest in your staff and you will not be disappointed.



A leader is a dealer in hope. - Napoleon Bonaparte

Been to Scotland Recently?

There are many theories about the bagpipes, otherwise known as the missing link between music and noise. Some say they were invented by a Scotsman who trod on his cat and liked the noise. Others claim they are based on the noise made by a dying Octopus. The truth is they were given to the Scots by the Irish as a joke – but the Scots haven't seen the joke yet!



Due Diligence – Doing your homework

In the last 12 months there has been a marked increase in the number of business sale transactions taking place, or being considered. As the overall business landscape and confidence continues to improve this is likely to increase. As part of this process, if the purchaser is trying to minimise the risk of a “bad buy”, due diligence will often be undertaken.

What is due diligence and what’s involved?

Essentially due diligence is about doing your homework – opening the hood and having a thorough look at all aspects of a business. Due diligence assesses key risks and confirms your understanding of a target business is correct. Investigating and evaluating a business is a critical process in any business purchase. It should be a non-negotiable item on your purchase checklist.

If you are a seller, you should be prepared to have questions asked on the operation of your business. The better prepared you are for them the more likely the sale process will proceed in your favour.

A due diligence process typically involves three parts:

1. Financial
2. Legal
3. Commercial

Factoring in your investment for due diligence is essential – you need to consider the cost to you in both time and money if you get the purchase wrong. The scope of the work undertaken will depend on various factors including size of the transaction, complexity, overall investment, the purchasers experience in the industry and whether you need external expertise.

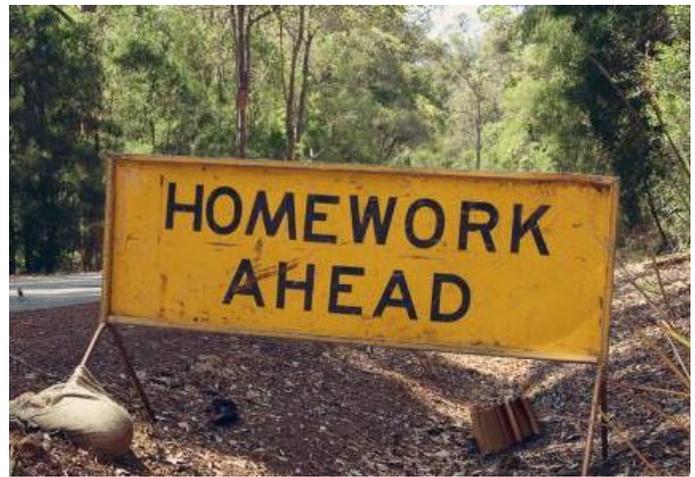
Some important aspects to consider:

Confidentiality – an important consideration for both parties to ensure this is preserved throughout the process. An agreement is usually prepared by the vendor and signed by both parties.

Level of information available – how much information is available and how much is enough to ask for so that the vendor is not put off by the deal.

Quality of information available – how accurate is the information? It should be validated to various sources.

Time frame - to complete your due diligence.



What are your motivations for acquiring the business? Are you looking for access to new markets, new technology and products, new customers?

Requirement for financial modelling – how will the new business be structured? How much debt will it have? What are the cash requirements of your new business?

Who are the key people in the business? Who is critical to the business in terms of relationships and profitability?

What are the key risks of the business – legal, financial, commercial – including having a thorough understanding of the marketplace the business operates in.

Understand how the business makes its profit. From which customers? Using which staff? At what time during the year?

What hours does the current owner work? Are they excessive and if so, are you willing to do the same?

What are the key trends of the business? Where is the business in its life cycle?

Are you looking to merge the acquired business into an existing business? If so what are the steps involved? What value will be created if you do?

A thorough due diligence process, undertaken by experienced advisors, gives you the information you need to make an informed new business purchase decision. While undertaking a due diligence process will not guarantee a successful business transaction every time, it does remove the emotion from the equation which can only improve your odds.

If you always do what you always did, you will always get what you always got. - Albert Einstein

Home Cooking

If you like home cooking you should have stayed at home.

Any leftovers at our house are given to the dog, who quickly gives them to the cat.

The best way to eat spinach is to fatten a chook with it and then eat the chook.

My mother in law always throws out the leftovers. She should throw out the originals too.



What's been happening around here?

Kathryn returns from maternity leave on the 18th of November. We are not sure how she is going to cope with missing out on her coffee moments and "gym breaks" with her friends, but going on the last time we are sure she will cope. Carl Julius has just finished his contract with us and we enjoyed having him with us to help fill the gap while Kathryn was on maternity leave.

Chris, after having a nasty "bug" for a few weeks has recovered enough to continue on with the renovation program at home. Sandra has returned to her leisurely summer hours of 9am - 2.30pm, while Nicole has been busy designing our Xmas card. Watch this space.

Patti had a couple of weeks in Tasmania in October. Sue has just returned from a few days off preparing the nest for her grandchild, who along with parents are relocating to Alexandra. We hope she still has time for work and isn't overburdened with "Gran duties"

Paul Checketts and his brothers terrorised the West Coast when they went on their annual motor cycle rally at Labour Weekend. Mark Tait is enjoying the proximity of the Motor Sport Park at Cromwell, while George has not been that excited about being a part-time orchardist over the frost fighting season.

Hugh participated (backstage) in the hugely successful production, The Buddy Holly Story put on by the Alexandra Musical Society. As a firm we were delighted to be involved as a Sponsor. This really was an outstanding production from an Amateur Society and a credit to all involved...

'Take time to be sure, but be sure not to take too much time' **Kushandwizdom**

IRD Video Clips

IRD has recently added video clips to their website. These video clips cover the following topics;

- Business structures
- Income and provisional tax
- Expenses
- Depreciation
- Registering for GST

The videos explain the basics in plain language. Each clip links you to more detailed information on the IRD website. The clips are all under ten minutes. Use the link below to connect.

<http://www.ird.govt.nz/help/demo/intro-bus-vids/>

An Observation

Many people see an issue as black and white, but others you respect see it quite differently.

When a glass of water is placed on a table at a meeting:

- The pessimist will say it is half empty.
- The optimist will say it is half full.
- The engineer will say there is excess glass.
- Bill Cosby will say it depends whether you are drinking or pouring.
- Dean Martin would have said, what's the problem?
- My wife would say you never know who else has drunk from that glass.
- My son would say why isn't it full of beer.
- My daughter will say be careful, it may only be tap water

And the chairman couldn't care a less about the water but wants an aspirin to go with it.

Disclaimer:

This publication has been carefully prepared, but it has been written in general terms only. The publication should not be relied upon to provide specific information without also obtaining appropriate professional advice after detailed examination of your particular situation.

Netiquette

It's very easy to confuse emailing on your phone with texting but you need to remain professional in your response, especially as the receiver will view this in their Outlook. Avoid abbreviated words, 'thanx, talk l8r' doesn't exactly say professional. Also, make sure to sign off as usual.

You can edit your iPhone sign off to avoid 'Sent by iPhone'. Simply open your settings, click on 'mail, contact, calendar' and scroll to 'signature' to edit.



"You should turn off your cell phone on a date... especially if it's smarter and cooler than you are."

As the Wise Man said

As the priest said. "We all know you can't take it with you, so if you place it on the collection plate I will see that it is sent on ahead."

The conceited father said it was clear that their genius infant son had inherited his intelligence from him. "Must have" said the wife "I still have mine."

Better to remain silent and be thought a fool, than to speak out and remove all doubt.



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