

## Summer Newsletter 2013

## Hugh's Views

We are well underway with 2013; in fact it won't be that long before we are a quarter of the way through. Summer is bringing back some memories from the early eighties when I first shifted here and was adjusting to a somewhat different climate during my first months here in January – February 1981. Our current weather was what was expected then, however it seems the body's memory has forgotten what it was like and has been struggling a bit when we get to the early thirties.

It has been good to see lots of activity in the township and a few smiles on the faces of our business people. It may not have been a time for breaking records but at least there have been plenty of people around the township. The construction industry is starting to develop a little momentum and properties have been changing hands. I suspect there is a little more confidence that things have bottomed out as people seem to be prepared to take on some debt.

It is pretty much steady as it goes in and out of the office. No major projects happening so it is a case of getting all the later returns completed before people start getting chased by IRD. Some of you will be getting "L" letters from the Inland Revenue at the end of January. You are rewarded with one of these if you haven't as yet given us your records for 2012 so we haven't been able to commence work on your Annual Financial Statements.

I have taken the opportunity over the summer to take another day out of the office. This will hopefully last through to April when I expect I will return to my 4 day week. Wednesdays and Fridays are when I am usually not here, although habits are hard to change.

You will see below we are hosting a Marketing presentation by a friend and colleague Graham McGregor. I suggest you consider this seriously. He has a wealth of knowledge and the material is pitched at the right level for our area. We are also going to be doing some work on promoting new service plans for completing our clients' annual work. This is not something new but we believe there are likely to be benefits for both our clients and us. See page 3 for the detail.

I sincerely hope that 2013 is going to be good for us all and that we start heading out on the road to recovery.



### Here are just a few of the key strategies you will learn in the **'Marketing Magic'** live seminar:

- The 4 areas you must know to get great results from all your marketing
- Two magic words that will increase your sales by at least 15% a year
- How to 'magnetically attract' ideal new clients and customers who are eager to spend money with your business
- A simple way to double the effectiveness of every single sales presentation you ever make. (All three strategies are free to use)
- How to create an army of 'raving fans' who enthusiastically recommend your business to many of the people they know
- Three clever and easy to use strategies to position your business as being better than all your competitors. (Without having to give discounts or slash your prices.)
- The two things that every customer wants and how to use these two things to create 'loyal customers for life'
- Two obvious ways to unlock invisible sales that are 'hiding in plain sight' in your business. Invisible sales can easily be worth hundreds (and even thousands) of dollars of brand new profits every single week in your business

And much, much more...

**Your investment at \$45 is a great value for money:**

Your investment in the **'Marketing Magic'** seminar comes with a 30 day no questions asked 'peace of mind' guarantee. And don't forget your ticket is tax deductible.



## Marketing Magic Presentation

**Monday 11 March 2013**

**6pm to 7.30pm**

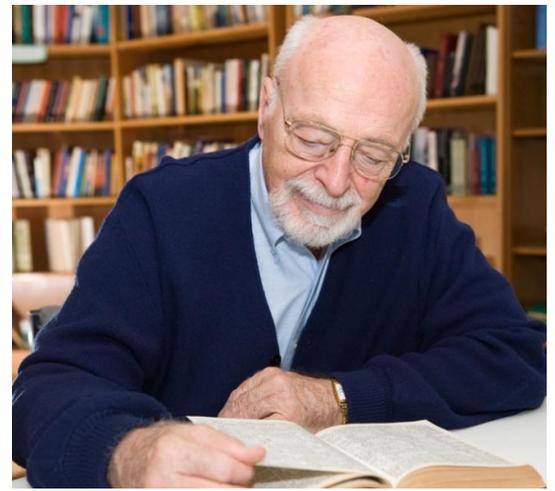
**Centennial Court**

## Tax Talk

### Changes to student loans and allowances

The following changes came into effect on **1 January 2013**:

- Student Allowances will no longer be available for postgraduate study commencing from 1 Jan (except for Bachelor degrees with honours)
- All exemptions to the 200-week limit for Student Allowance will be removed from 1 Jan 2013 (except for special circumstances)
- Borrowers making significant under-deductions will be forced to make a compulsory extra student loan deduction - IRD will arrange directly with their employer to recover the outstanding amount
- Those 55 and over will no longer be eligible to borrow living or course-related costs (with exceptions, depending on when you were enrolled)



*'Find a job you like and you add five days to every week.'*

**H. Jackson Brown**



### Accounting for mistakes

With IRD taking a stance on outstanding tax we need to be proactive if an error is made - for whatever reason.

The IRD have a guide to *'Putting your tax returns right (IR280)'* explaining the required action for minor, genuine mistakes - it also outlines how to make a voluntary disclosure.

If you are concerned about a potential error please contact us as it might be easier to fix than you imagine and it won't go away on its own.

### Mixed use assets - gearing up for change

With summer set to sizzle no doubt you'll have serviced the motor home and prepped the launch or bach to reap the seasonally high rents.... Let's consider the proposed new rules around mixed-use assets and how they could affect you from 1 April 2013.

**As previously signaled:**

- You'll be required to apportion deductions based on actual income earned and private use of the asset, instead of based on the availability to produce income
- Expenses relating to the asset (power, rates, insurance), maintenance and interest on debt will also be apportioned to the number of days it was actually rented
- If annual rent received for assets exceeds \$60,000 then the owning entity is required to be GST registered - this may affect the tariffs you charge and if you sell the asset you may have to account for GST

It's complicated and we suggest you get into the habit of diarizing the days you (plus family and friends) use assets. If you're concerned, do call us to discuss your situation.

### Introducing the starting-out wage

The starting-out wage is the latest government initiative designed to help get more young kiwis into jobs by giving employers incentive to take them on.

The starting-out wage will be simple for employers to implement and should provide more 16 to 19 year olds with the opportunity to earn money, gain skills and the work experience they need in this tough labour market.

**Those who'll qualify for the starting-out wage are:**

- 16 and 17 year olds in their first six months of work with a new employer
- 18 and 19 year olds entering the workforce after more than six months on a benefit
- 16 to 19 year old workers in a recognised industry training course involving at least 40 credits a year

Expected to be effective from 1 April 2013, the starting-out wage will ensure 16 to 19 year olds are paid no less than 80 per cent of the minimum wage for the first 6 months with a new employer. After the first 6 months, they'll be eligible for the minimum wage.

Workers between 16 and 19 years of age who fill training or supervisory roles must at least be paid the minimum wage.

## Business New Year Resolutions

Generally, we want to indulge less, exercise more and be better people.... However it's time to ponder some specific (and accomplishable) New Year's resolutions for your business.

1. **Nurture your most loyal and profitable clients.** Chances are they'll sing your praises and refer more business to you.
2. **Give something back to your community.** Help a cause that matters to you and you'll potentially give your team new purpose whilst boosting your reputation.
3. **Promote your business effectively.** Join a networking or business group and get your business in the public arena. Consider the benefits of social networking and marketing.
4. **Read a business book every month.** Keep up with the changing world; enhance your knowledge and leadership skills.
5. **Get professional education and development.** As a leader you must continue evolving, extend your education to remain engaged and focused on the future of your business.
6. **Learn to listen more.** Be available and engage your team daily to see how they're tracking. You'll diffuse potential problems before they arise and witness valuable raw idea creation.
7. **Empower your team.** Only your team can grow your business - they need to share your vision and have the necessary drive or incentive to achieve the goals that you set.
8. **If it's not working, get rid of it.** Whether it be a product offering, a machine, a supplier or even an employee, don't waste time and energy squeezing a round peg through a square hole. Trim the fat and invest in new muscle.
9. **Prioritise and leverage your time.** Implement efficient systems to allow effective delegation. Employees with greater responsibility often have greater job satisfaction. Work more **on** the future direction of your business rather than **in** the everyday running of your business.
10. **Take time for yourself!** Be a good role model - don't skip lunch or work endless overtime. It could lead to burnout. Enjoy breaks for exercise or a new hobby and achieve a healthy work-life balance.

## Business Perspective



## Client Service Plans

The idea of a Client Service Plan is to “bundle up” the services that we provide to our clients and have one fee covering the range of services agreed on. We already have something similar by way of the Agreed Fees arrangement which we have entered into with a significant number of our clients. The arrangement is based around the client choosing what services they require, us providing a fixed price and an agreed monthly payment.

It will be obvious that not everyone has the same requirements for accounting services. We have developed three standard packages ranging from “The Basics” from \$150 per month, to “Developing and Growing” from \$500 per month. In the middle is Managing & Monitoring service from \$250 per month. Each of these packages has a menu of services which can be added to, or possibly have some options deleted. In addition there is a package for rental property owners from \$75 per month. There are a number of services which may need to be added on depending on what the structure of your business is. (Company, Trust etc.)

In most cases the cost of above packages will be significantly reliant on you using either BankLink or Xero as your accounting package. Both these options when used to their full capacity allow us to deal with your records in a more efficient manner.

We will be in touch with those of our clients whom we think one of these options might be suitable for. We are sure to miss someone so please feel free to contact us if you are interested in discussing committing to Service Plan that will suit your needs.

In conjunction with the Service Plans we are looking at holding a presentation in conjunction with Xero to enable our clients, and others, to gain an understanding of how this package may be able to assist in running your business. We will be in touch.



## Eight sure ways of wrecking a business

HERE'S eight simple things you can do to wreck a new business:

### 1. Put too much trust in your market research.

The purpose of market research is to find out what people would like to buy. Often, if you ask your friends, they'll give you the answer they think you want to hear. Even if you do your market research properly you can get the wrong answer. Dick Hubbard, the maker of breakfast cereals, found that people thought they wanted healthy food but discovered later they really wanted tasty food.

### 2. Find out what people *need* and try to provide it.

Supply wants, not needs. Many small businesses *need* a lot of business education but very few of the proprietors really *want* it. People buy to satisfy their *wants* not their *needs*.

### 3. Buy a nice new car you can't afford.

The usual excuse for sinking money into a car when you can't afford it is "I can't turn up to make sales in an old dunger". This is not really true in most cases. The car is frequently parked where it can't be seen anyway. If the customer did see your car it would be unlikely to make much impression so long as it was reasonably tidy.

### 4. Run out of cash.

Business is about cash flow. Some business owners must have difficulty sleeping at night. They chronically have too much borrowed money. A retailer owned a mere 10% of his business and decided to open another shop. The disaster was inevitable. If you lean on your creditors by being a chronic slow payer, a puff of bad economic wind can blow away your business. Focus on good cash flow. Collect your debts and control stock levels.

### 5. Forget the figures.

Few small business owners keep enough information about how their business is progressing during the year. There are usually only a few key factors which need your attention. We could discuss these with you. Often, a downward trend starts in a business and the owners become aware of the full extent of the losses only when their financial statements are prepared; often half way through next year. By that time the drift has gone on a further six months beyond balance date so the situation is worse than the figures indicate.

### 6. Split up.

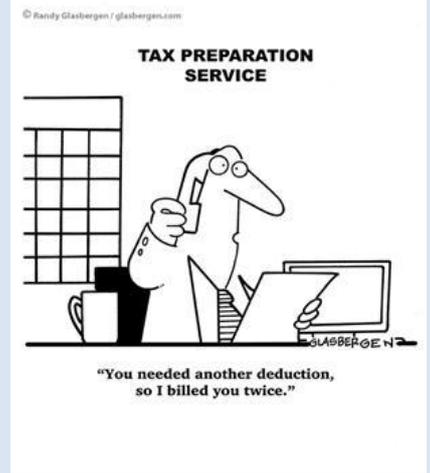
The split of a marriage or personal partnership can have devastating effects on the business. We have no suggestions for a solution – just be aware of the effects!

### 7. Talk too much.

It's hard to control those telephone calls. Some people just like to talk too much. You learn more from listening. You earn more by working on your business. Some people are utterly ruthless about avoiding telephone calls, which could otherwise take a large part of the day.

### 8. Spend too much time on the figures.

The object of going into business is to make money otherwise, why bother. Paper work is a necessity but unless you are an accountant it should not be an end in itself. Get yourself efficient systems. Minimise the time needed to operate them. Maximise the important information they supply for you.



## What's been happening here?

It's been pretty quiet in our building over the summer. We all took holidays at varying times and for quite a while there was only 4-5 in the building. Our young Mum's took some extended time with their families but I did note that they were quite happy to come back when the time was right. On that note for those of you who are unaware, Kathryn Cook will be taking Maternity Leave in early

July as she prepares for the arrival of baby number 2.

Mark Tait was building up to some superb form for the Half Ironman event in Wanaka but was forced to withdraw after sustaining an injury no doubt bought on by all the training and warm up events he participated. We believe he is sane, but we were wondering for a while.

We have been involved in supporting a number of events over the summer including the harness and racing clubs at Omakau and Roxburgh. We were pleased to support the Cricket at Molyneux Park in January. Some good reports on the wicket from the ex NZ players and they have apparently booked to come back next year. We will get first class cricket here again soon I hope.

**Disclaimer:** This publication has been carefully prepared, but 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.



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