

MONEY

YEAR END
STRATEGIES

ISSUE

Q1/2018

MATTERS



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New Financial Year Resolution

The new financial year is the perfect time to reflect over your past year's performance, and implement changes in order to strengthen and grow your business.

Consider the following areas when developing your business resolutions for this financial year:

Finances

No matter how well your business performed in the past year, there is always room for growth and improvement. If you set a target of earning a certain figure in 2017, raise that by 10 per cent for 2018. Revisit where the business is spending money and create strategies to lower these costs. For example, if the internet bill for the business is X amount, consider shopping around and looking for a cheaper deal. Small changes in multiple areas can see you make an extra 10 per cent annually without feeling like you are making large sacrifices.

Revamp social media marketing strategies

Technology is ever-evolving, meaning the way it can be used as a business and marketing tool is too. January is the ideal time to do your research; investigate emerging trends for social media marketing and try to analyse the direction

in which these trends are travelling. Research may tell you, hypothetically, that successful businesses in your industry are steering away from Facebook and are predominantly using Instagram and Snapchat. In this instance, you should be analysing how you can adapt and transform your current marketing strategy to stay current.

Professional and personal development

There is always something new to learn; whether it be related directly to your business and the industry it is in, or whether it relates to personal skills that will make you a better business person and a better leader. Take some time to look at the courses available to you, that will fit into your schedule, or that you can adjust your schedule to fit them in. There are many organisations online that provide courses in a large array of areas, such as developing your technology skills, learning how to use specific software and programs, business refresher courses, etc. You may have always wanted to learn a new personal skill, such as yoga, rock climbing or a new language; make that a priority in 2018. Developing your personal skills will help you to become a better leader and all round entrepreneur.

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Improving efficiency in your business

Creating an efficient workplace is desirable for both staff and business owners alike. Not only does it save money and time, it can also improve productivity and morale.

Here are five ways to improve efficiency in your business:

Examine what is and isn't working

Identifying your business' strengths and weaknesses goes a long way in improving efficiency.

Look at the processes and procedures in

Kiwis a priority in Financial Advice Bill

The first reading of the Financial Services Legislation Amendment Bill in December 2017 will see strong standards put in place to ensure the highest quality of financial advice is received for all Kiwis.

The main requirement of the Bill is aimed at financial advisers and holding them legally accountable for providing a service that is ethically sound and transparent around commissions. The Bill will provide a level playing field for all providers of financial advice, and will in turn benefit everyday Kiwis.

According to the New Zealand Government, any individuals or firms providing legal advice must:

- prioritise the interests of their client and
- disclose all relevant information to their client.

Furthermore, those who give financial advice to retail clients:

- Will be subject to a new Code of Conduct which details standards of competence, knowledge and skill, ethical behaviour and client care.
- Must ensure their client is aware of any limitations concerning the nature and scope of the advice they are receiving.

By mid 2018, the Bill will be passed, with full implementation of the Bill to be in place by May 2019.

your business model and analyse the need for improvement. Overcomplicating or introducing multiple new systems at once can often slow your progress rather help it.

Automate where possible

Automating monotonous tasks can save time and prevent employee boredom, which can impact productivity. It also means employees can spend more time on tasks and projects of more importance and urgency to the business.

Minimise interruptions

Continual interruptions are a surefire way to decrease productivity. Between answering emails, attending meetings, requests from coworkers, etc., it is no wonder employees find it hard to concentrate. Try to limit interruptions such as unnecessary meetings and encourage staff to respond to emails in set time frames rather than checking up on them non-stop.

Avoid multitasking

Concentrating on completing one task at a time is much more effective than multitasking as it allows you to get into the flow of work.

Switching between tasks often interrupts this flow and disrupts concentration. Try to block out chunks of time for each individual task to maximise productivity.

Foster the right environment

Creating an environment where communication and collaboration are highly valued is paramount to business efficiency. Encourage face-to-face communication and communication between departments to improve feedback.



Boosting employee engagement

Ensuring employees are committed to their work will all them to make a profitable contribution to the business.

While daily tasks vary based on the type of business, there are universal strategies employers and managers can implement to ensure employees are optimally engaged in their work from day to day. Consider the following:

Collaborative projects

Introducing collaborative projects is great for promoting team atmospheres. Working collaboratively is effective when brainstorming and problem solving to ensure the best strategies are put into place. Questions related to practicality and how to strengthen the project are more likely to arise through group work, thus strengthening the overall outcome of the project. When hiring, make it clear that the workplace encourages a team based atmosphere to weed out the applicants that aren't prepared to work with others.

Encourage and support positive well-being

Employees who don't live a balanced lifestyle and only focus on their job performance are generally more likely to burn out. Creating a working environment where employees feel lucky to work with the business rather than resent their job will create a sense of commitment and loyalty. Ways to create this

sense of commitment include:

- Encouraging employees to participate in commitments outside of work, i.e., family milestones.
- Allowing employees time to attend appointments during work hours.
- Giving employees time to catch up on work they have missed whilst being off work.
- Promoting physical activity pursuits such as office fun runs or lunch time fitness.
- Ensuring there are facilities for employees to store and prepare healthy meals.

Flexibility

A flexible employer is one that treats their employees as individuals with lives outside of work, not simply just as cogs in the wheel that only function to serve business goals. By providing flexibility to your staff, you are going to have people that want to work for you and you will retain them longer because of the benefits that come from being a part of your team. Consider:

- Flexible working hours, i.e., choice of start and finish time, or split shifts.
- Working remotely.
- Implementing a 9 day fortnight, allowing staff to take care of any other commitments on their fortnightly RDO.
- Allowing staff to work weekends.

2018 Year End Tax Tips

With the end of the financial year in near sight, now is an ideal time to consider your tax position and implement a few strategies to reduce your 2017/18 tax bill.

Here are our top tax tips for preparing for the end of the financial year:

✓ Write-off bad debts

Bad debts can be used as a tax deduction to reduce your taxable income for the year. Any outstanding balances that are unlikely to be recovered from customers can be written off as a bad debt. To claim a deduction, you must ensure that you formally write off the debt in your accounts and it is written off prior to 31 March.

✓ Imputation credit account

Companies with a debit balance for their imputation credit account at 31 March 2018 may be liable for imputation penalty tax. To avoid this, consider making voluntary payments prior to 31 March to clear the debit balance.

✓ Valuation of trading stock

Trading stock must be valued using a cost valuation method, unless the market selling value is lower than the cost and can be substantiated. Obsolete or damaged stock is

not tax deductible; therefore it should either be physically disposed of or sold at market price (if market price is lower than cost).

✓ Bonuses and holiday pay

To claim amounts payable to your employees as a deduction for the current financial year, you must ensure to pay the full amount to the employee within 63 days of the balance date. If amounts are paid more than 63 days from the balance date they can only be claimed in the following financial year.

✓ Donations

Businesses that make a charitable donation over \$5 can deduct the amount of the donation from their income at the end of the tax year. Be sure to keep any tax receipts and invoices and claim donation tax credits within a period of four years, following the year in which the donation was made.

✓ Repairs and maintenance

It may be worthwhile to consider undertaking repairs and maintenance prior to 31 March to receive a full deduction. At year-end, review repairs and maintenance expense accounts to consider whether they contain capital expenditure. Deciding whether expenditure on an asset is deductible as repairs and maintenance or should be capitalised is often a difficult decision.



✓ Prepaid expenditure

Certain incurred prepaid expenditure can be claimed as a tax deduction in the current income year, provided it has not been capitalised to the balance sheet as a prepayment. Some categories of business expenses can be prepaid without any limitations, meaning that you can claim as much as you like. Examples include subscriptions, rates, stationery, vehicle registration and road user charges, postal charges, and accounting and auditing fees. Most other expense categories have caps that limit the amount that can be claimed in a year.

Why sole company directors need a Will

Dying intestate (without a Will) can pose many complications for the ordinary person. But when a sole director and shareholder of a company dies without a Will it can have an even more devastating impact.

Upon the death of a sole director and shareholder of a company without a Will, there is no person properly authorised to immediately run the company, leaving many stakeholders scrambling for answers.

The risks are higher for sole directors and shareholders as there are no surviving directors to manage the company and appoint a new director.

The company may not be able to operate during the period where there is no director. Most banks and other financial institutions are unwilling to accept instructions for a company's trading account if there is not an authorised person to do so.

Furthermore, major stakeholders such as employees and suppliers may not be able to get paid during this time. The reputation and value of the company can severely suffer in the interim.

To avoid the pitfalls associated with intestacy, it is important that sole directors and shareholders of a company create a valid Will. A valid Will can help to plan for what is to happen to the business once the sole director and shareholder passes away. A Will can deal with issues such as winding up the business, appointing shareholders and business assets.

Although you cannot leave your role as director to someone else in your Will, you can make provision for who is the beneficiary or beneficiaries of your company shares.

When appointing a beneficiary or beneficiary of your shares, it is wise to consider the individual's understanding and ability to take on administrative responsibilities

in a commercial context as the role of a shareholder comes with certain rights.

Seeking professional legal and financial advice is recommended for sole directors and shareholders when planning their succession and estate.



Mandatory employment rights and responsibilities

Regardless of the industry you work in, all employers and employees have specific rights and responsibilities to adhere to.

Knowing what these rights and responsibilities consist of will help create the basis of a healthy and secure working relationship between employers and the individuals they hire.

Consider the following:

Rate of pay

The New Zealand Government has minimum wages for all employees aged sixteen and over. If an employer pays under this amount, legal action can be taken against them. They can however pay their staff at a higher rate than the minimum wage. Ensuring employees are paid

correctly when it comes to penalty rates based on industry of work is also necessary if employers wish to avoid fines.

Employment contract

All employees must provide the individuals they employ with a contract that outlines their agreement as employee and employer. The contract must detail where the employee will work, the hours they will work per pay cycle, as well as the rate of pay they will receive.

Paid time off work

Depending on an employee's employment type, i.e., casual, full-time, contract, etc., they will have varying rights to paid time off work. Paid time off includes annual leave pay, sick leave pay and public holiday pay.

Hours of work

The hours an employee is required to work should be negotiated within the employment contract. Before agreeing on hours to be worked, both parties should check guidelines as to legal limitations of hours worked in a given time frame. The contract should also include start and finish times and days of work, i.e., Monday-Friday.

Type of employment

Employers must make clear to employees exactly what the type of employment is; whether that be permanent, fixed term or casual. Each employment type will have different regulations attached, particularly pertaining to entitlements such as annual leave and sick leave. Both the employee and employer should ensure they are up to date with what the agreed upon employment type entails.

Future security with a smart KiwiSaver today

Every decision you make today regarding your KiwiSaver will impact upon your retirement and your future security.

Many people make poor decisions or are not active in making decisions regarding their KiwiSaver, which can lead to a difference of hundreds of thousands of dollars when it comes to retiring. This money in turn could mean the difference between being able to heat your house or not, which is a terrible place to find yourself in your later years.

There are specific tips you can follow and apply to your KiwiSaver, in order to boost your savings. Consider the following:

Educate yourself

It is naive to assume that you can pay no attention to your KiwiSaver throughout your

working career and expect to have the best possible return when it comes time for you to retire. Many Kiwis do not make active decisions regarding their super; they don't investigate the best account option for them, they don't understand how contributions are made, or at what rate. They just assume that money will go into their KiwiSaver and this will be enough for them to continue living comfortably into their retirement. You need to educate yourself on laws and policies that come into play regarding your KiwiSaver, and understand how your KiwiSaver operates if you want to make the best financial decisions now for your future.

Fees

Doing your research is important when it comes to deciding what kind of account fees you are happy to pay. The rate of fees you pay over your working lifetime will differ greatly depending on whether you have an account with low, medium or high fees. Look into why specific accounts have higher fees than others; they may provide greater returns on your investments.

Contributions

Eligible KiwiSavers can make contributions into their account and their employer must also make contributions to their account, up to 3 per cent of an individual's wage. Eligible KiwiSavers can choose to contribute 3, 4, or 8 per cent of their wage into their account, as well as the option of making voluntary contributions at any given time.

Important tax dates

February 20

EDF/IR345 form and payment due and EMS/IR348 due for employers who deduct less than \$500,000 PAYE and ESCT per year.

EDF/IR345 and payment due for employers who deduct \$500,000 PAYE and ESCT or more per year for deductions made between the 1st and 15th of the same month.

February 28

GST return and payment due.

Provisional tax instalments due for people and organisations who use the ratio method.

March 5

EDF/IR345 and payment due for deductions made between the 16th and the end of the previous month, EMS/IR348 for the whole month is due.

