

Launching!

We have a website which is now available to you.

www.nisbettfleming.co.nz

It has lots of useful information like links to the IRD for getting things done online

Plus links to - ACC
- Companies Office
- and many more

Under "request an appointment" you will find the dates Sue will be visiting the West Coast and Golden Bay. From there you can request an appointment.

Under "Firm Profile" you get to put faces to the names you have been dealing with.

Have a look, we welcome any feedback.

Interpretation of Financial Accounts

When you're running your own business, it's easy to fall into the trap of thinking you have to be expert at everything. And when you're an experienced business owner, it can be hard to admit there are key financial concepts that you'd really like someone to go over again in plain English.

Sometimes you know intuitively that there's a way to use the available data to take the next critical step forward but you just can't see it. It's always worth asking for more information.

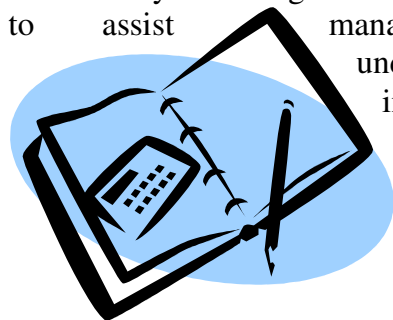
For instance, ratios derived from financial reports can be very revealing. Ratios are calculated so as to assist management in understanding the information contained within financial reports. They can help you establish

more accurate key performance indicators in your business. This way you can set clearer goals and be able to measure your success more accurately.

Common ratios include:

- Breakeven Sales
- Stock Turn Ratio
- Debtors' Days Outstanding
- Gross Profit Percentage
- Mark-up Percentage
- Net Profit Percentage
- Return On Investment
- Wages To Turn Over Percentage
- Sales Per Person
- Cost of Goods Sold Ratio
- Current Ratio

If you would like to discuss ratios that are applicable to your business to assist you in the interpretation of your financial accounts, give us a call.



Do You Know Your Competitive Edge?

In business you can never be everything to everyone. To be successful you need to come up with a specific proposition or compelling claim that is targeted at your customers in such a way they would be foolish to go elsewhere. This is your 'differentiation' – your 'competitive edge'. You'll also hear people talk about a 'point of difference'.

In developing your competitive edge you need to consider what you have to offer that someone else hasn't:

- What competitive edge can you present?
- Have you got happy customers?
- How do you create happy customers?

- What are the benefits of small businesses in dealing with clients?
- Have you considered what the 'moment of truth' is in your business?

A 'moment of truth' occurs every time your business and a customer come into contact. This may be direct contact, as in face-to-face, by telephone, by direct mail or indirectly by way of the delivery firm that you use as a sub-contractor. What your customers experience at these times will have a lasting impression. You need to know when a moment of truth will occur and ensure that your team members have been appropriately trained on how to react at that time.

Why Men Are Never Depressed

Men are just happier people – what do you expect from such simple creatures? Your last name stays put. The garage is all yours. Wedding plans take care of themselves. Chocolate is just another snack. You can never be pregnant. You can wear a white T-shirt to the water park. You can wear NO shirt to a water park. Car mechanics tell you the truth. The world is your urinal. You never have to drive to another gas station restroom because this one is just too icky. You don't have to stop and think of which way to turn a nut on a bolt. Same work, more pay. Wrinkles add character. Wedding dress - \$3500. Tux rental - \$75. People never stare at your chest when you're talking to them. New shoes don't cut, blister, or mangle your feet. One mood all the time.

Phone conversations are over in 30 seconds flat... You know stuff about tanks. A five-day vacation requires only one suitcase. You can open all your own jars. You get extra credit for the slightest act of thoughtfulness. If someone forgets to invite you, he or she can still be your friend.

Your underwear is \$3.99 for a three-pack. Three pairs of shoes are more than enough. You almost never have strap problems in public. You are unable to see wrinkles in your clothes. Everything on your face stays its original colour. The same hairstyle lasts for years, maybe decades. You only have to shave your face and neck.

You can play with toys all your life. One wallet and one pair of shoes – one colour for all seasons. You can wear shorts no matter how your legs look. You 'do' your nails with a pocket knife. You have freedom of choice concerning growing a moustache.

You can do Christmas shopping for 25 relatives on December 24 in 25 minutes.

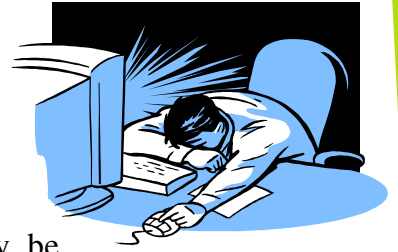
No wonder men are happier!



Minimum Wage for Sleeping On the Job

Employers who require staff to sleepover at a place of work need to ensure that they meet their legal obligations under the Minimum Wage Act.

A recent Employment Court decision suggests that employers may be required to pay their workers minimum wage for each hour spent on a “sleepover” shift. A sleepover shift is where a community service worker sleeps overnight in a domestic group home, so they are effectively on call should their services be required by the residents.



Changes to Tax Rules Affecting Labour only Contractors

From 1 April 2010 there will be some changes to tax rules. If you directly hire any type of contractor (individual, partnership, trust or company) for work or services for the supply of labour or substantially for the supply of labour on land in connection with:

- fruit crops
- orchards
- vegetables
- vineyards
- plus any labour only contractors in the building industry (individual/partnership painters, carpenters etc.)



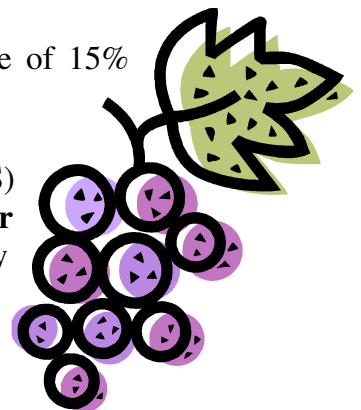
You'll need to deduct tax from the contractor's payments at the rate of 15 cents in the dollar. This is unless the contractor has a certificate of exemption or a certificate authorising tax be deducted at a specified rate.

If you're hiring a contractor or sub-contractor

Your responsibilities under the new rules are to:

- get a signed IR330, the tax code “WT” should be entered on it
- If you're already registered as an employer add the contractor to your current employer monthly schedule (EMS)
- register with the IRD as an employer if you're not currently an employer and will be directly hiring contractors
- deduct tax from payments for all activities covered, at the standard rate of 15% where an IR330 has been signed

When you are including contractors on your Employer Monthly Schedule (EMS) ensure the gross payment details are included in the **“earnings and/or scheduler payments not liable for ACC earners' levy”** column in your employer monthly schedule. This will ensure you don't get charged ACC earners' levy on the payments made.

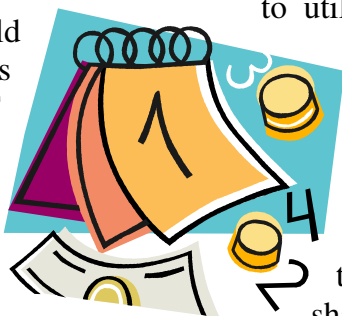


Year End Processing

For most taxpayers the end of March represents the end of the financial year, so now is a good time to check that the books are in order. In some cases 31 March is the crucial date for getting things done. Some of these have been outlined below.

Bad Debts – in order to claim a deduction for bad debts they must be written off before the end of the financial year in order to get a deduction in that year. When assessing whether or not a debt can be written off, businesses will need to consider things like the age of the debt and the likelihood of the debt being collected. In the current economic climate, more emphasis should be given to debt collection. However, if debts do not look collectable, they should be written off to provide a more accurate reflection of the business's profitability.

Assets – equipment purchases should be reviewed to ensure that any assets costing more than \$500 GST exclusive are capitalised for tax purposes. This can often be overlooked especially where such assets are expensed for GST purposes.



Holiday Pay – entities wanting to get a deduction for accrued holiday pay or employee bonus payments must ensure that the holiday pay and bonus payments are “incurred” at balance date and paid within 63 days of balance date.

Herd Scheme Election – for farmers wanting to exit the Herd Scheme, the election must be done

at least a year and a day before the income year in which the National Standard Cost scheme is adopted.

Income Equalisation Scheme – this is a useful tool for any tax payer engaged in any farming or agricultural business on land in NZ. This also applies to fishing and forestry entities wishing to adjust their taxable income. Where income for the year is high and insufficient provisional tax has been paid, the tax payer should consider making an Income Equalisation deposit to reduce the possibility of use of money interest being charged.

Imputation Credits and Dividends – if a company has imputation credits that have arisen based on the old company tax rate of 33 percent the question should be asked whether or not to declare a dividend to shareholders to utilise those credits. The cut off date for declaring dividends to utilise those imputation credits is 31 March 2010 irrespective of a company's balance date. From 1 April 2010 imputation credits are limited to the equivalent of 30 percent – in line with the current corporate tax rate. Before a dividend is declared, consideration should be given as to whether or not it will get taxed in the shareholders hands at the top personal marginal tax rate of 38 percent and whether cash is available to meet that tax shortfall.

There are quite a number of issues that need to be considered and the closer they are made to the end of the financial year the better.

Rain or Snow

A Russian couple was walking down the street in St. Petersburg the other night, when the man felt a drop hit his nose. “I think it's raining” he said to his wife.

“No, that felt more like snow to me” She replied

“No, I'm sure it was just rain” he said

Well, as these things go, they were about to have a major argument about whether it was raining or snowing. Just then they saw a minor communist party official walking towards them. “Let's not fight about it” the man said, “let's ask Comrade Rudolph whether it's officially raining or snowing”

As the official approached, the man said, “Tell us, Comrade Rudolph, is it officially raining or snowing?”

“It's raining, of course” he answered and walked on. But the woman insisted: “I know that felt like snow!” To which the man quietly replied: “Rudolph the Red knows rain, dear!”

All information in this newsletter is to the best of the authors' knowledge true and accurate. No liability is assumed by the authors, or publishers, for any losses suffered by any person relying directly or indirectly upon this newsletter. It is recommended that clients should consult a senior representative of the firm before acting upon this information.

