

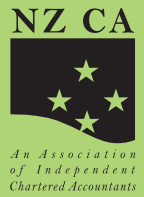


# Trial Balance

THE OFFICIAL NEWSLETTER OF NZ CA LIMITED

September 2008

ISSUE TWENTY FOUR



## Contents

- Small Business Summit
- The Follow-up Phone Call
- Have you Got Plans?
- Provisional Tax Due Dates
- Ensure you sign your GST return
- Changes to Personal Income Tax Rates
- Four Common Advertising Mistakes
- Putting your prices up
- A Great Domain Name for your Website...
- Charities Register
- The art of saying 'no'

## The Follow-Up Phone Call

ONE THING WHICH really impresses customers is a follow-up telephone call after goods or services have been supplied and paid for. So few people do it and yet it is very effective. It shows the sales person cares about whether you are happy with what you have bought. It gets your customers talking about you and remembering you. It adds the "wow" factor.

## Small to Medium Sized Enterprises (SME's) Our Future - Prosperity or Peril

SMALL BUSINESSES WILL be more severely affected in the economic downturn with expectations that the full impact of the expected recession will filter through from October onwards. This will be of little comfort to an estimated 720,000 New Zealanders employed directly or by association in the SME sector. With the great majority of 360,000 registered enterprises falling into this category the consequences must also be of concern to the average consumer relying on a choice of providers to meet their needs. The developing situation assumes greater significance in an election year and deserves wider public attention.

On 25 July the Independent Business Foundation facilitated the first Small Business Summit in New Zealand. Present were representatives from virtually every small business related sector in New Zealand.

After rigorous debate the findings are summarised as follows:

- Government assistance to SMEs is welcome but needs to be better targeted and simplified and more accessible at a one-stop shop;
- Government should seek wider counsel among affected parties when introducing new policies. An example is Kiwisaver which is generally supported but poorly drafted and implemented due to lack of consultation;
- Certain legislation and its implementation severely inhibits the growth of small business. E.g. Employment Relations Act and Resource Management Act. This needs urgent attention;
- Industry clusters (e.g. Auckland Marine Industry, Matamata equine cluster) should be resourced and encouraged.

Delegates considered that it is too easy

to start a business in New Zealand. Our poor performance in growth and succession was largely attributed to lack of preparedness, lack of business skills training, and lack of use of assistance which is available.

The event ended on a high note and with a clear mandate for concerted action by all involved to achieve meaningful change in the performance of the SME sector and also its relationship with the Government sector. It concluded with the resolve to make the New Zealand Small Business Summit an annual event and to carefully monitor progress in a critical but constructive manner.

The full findings are available in the report "Small Business - the Key to Tomorrow". This is available on the Independent Business Foundation website [www.ibf.org.nz](http://www.ibf.org.nz)

The Council of Small Business of Australia has run a Successful Small Business Summit in Australia for the last seven years [www.smallbusinesssummit.com.au](http://www.smallbusinesssummit.com.au)

The European Commission has recently passed the European Small Business Act to nurture small business which it calls the backbone of the economy.

NZCA member RSM Prince is a Foundation Sponsor of the Small Business Summit. Grant Hally is a Trustee of the Independent Business Foundation which is a not-for-profit and totally non-aligned Charitable Trust.

Source : RSM Prince



# Have you Got Plans?

YOU HAVE PROBABLY heard it before but as the old saying goes "If you fail to plan – you plan to fail". Like it or not, you have to plan. This involves establishing clear objectives and deciding the appropriate actions to achieve them.

What needs to be done? What results do you expect? By when? Who is best equipped to do it? What is the best way of doing it? Unless these things are crystal clear in your mind, there is little chance you will get the results you need.

Just because you plan, of course, does not mean that you will achieve your objective. However, without planning, the probability that you will achieve your goal, other than by accident, is remote. Knowing precisely what is required and how it will be achieved will greatly increase your probability of success.

## There are six steps to planning:

- 1 Establish a realistic target.
- 2 Use the 5ws and 1 H triggers – What? Who? Where? When? Why? And How? To determine what needs to be done, who will do it etc.
- 3 Sequence the activities in the order in which they should occur. Prioritise.
- 4 Communicate your plan to those who will be involved in it or affected by it.
- 5 Implement your plan.
- 6 Check progress against the plan to make sure that your original target is being achieved.

By thinking things through in plenty of time, you will find that there is less need to resort to crisis supervision – responding quickly and under pressure.

Most managers lament that they don't plan because they don't have time. However, these are the people who usually need it the most. They are usually too busy putting out "bush fires" but should spend time developing a "fire prevention" plan. Time spent in planning, pays off, because it prevents these emergencies and crisis situations. A flexible plan lets you adjust quickly to changing conditions and still move towards achieving the desired objective.

We need to put the plan on paper so that we can study it, spot any flaws, and make changes. A written plan is also easier to communicate to others, and may be referred to by others, if we are not available.

In order to plan, you will need to have clear objectives and targets and a logical step-by-step sequence of events which should occur in order to reach your targets. Don't forget the 5 W's and 1 H triggers and use these to make sure your plans have not omitted anything important.

The rewards of planning are better control over your job and the increased effectiveness and efficiency of your team.

Source : Protecta Insurance New Zealand

# Provisional Tax Due Dates

THE MOVE TO align provisional tax and GST payments has meant a change in due dates for all provisional tax payers, whether registered for GST or not. The tables below provide a summary of the new payment dates that will apply, depending on the situation of the tax payer.

## Provisional Tax Payers NOT registered for GST

Balance Date	Old Due Dates	NEW Due Dates
31st March	7th July 7th November 7th March	28th August 15th January 7th May
Not 31st March	The 7th day of the: 4th, 8th, 12th month after balance date	The 28th day of the: 5th, 9th, 13th month after balance date

## Provisional Tax Payers registered for GST

If you are GST-registered, you may pay your provisional tax and GST at the same time on a combined GST and provisional tax return if you wish. The provisional tax due dates that apply to you will depend on your balance date, the option used to calculate provisional tax payments and your GST filing frequency.

## Provisional Tax Payes Registered for GST

Calculation Option	GST Filing Frequency	Number of Provisional Tax Instalments	NEW Due Dates (for Standard Balance Date of 31st March)	NEW Due Dates (for Non-Standard Balance Date)
Standard or Estimation Method	One or two monthly	Three instalments	28th August 15th January 7th May	The 28th day of the: 5th, 9th, 13th month after balance date
	Six monthly	Two instalments	28th October 7th May	The 28th day of the: 7th, 13th month after balance date
Ratio Method (new)	One or two monthly	Six instalments	28th June 28th August 28th October 15th January 28th February 7th May	The 28th day of the: 3rd, 5th, 7th, 9th, 11th, 13th month after balance date
	Six monthly		Ratio method is not available for six-monthly filers	

If you are still unsure how the new rules regarding provisional tax and GST alignment affect you, please contact your accountant for advice.

Source: RSM Prince

# Ensure you sign your GST return

THE NEW GST 103H form does not provide for signing on the front. This is because the back of the form has parts two and three, which for some clients will not be applicable.

Be careful to sign the back of the form even if parts two and three do not apply to you. An unsigned form can be treated as not having been received and leave you exposed to future risks. Sometimes mistakes are made and perpetuated.

The Inland Revenue Department is entitled to recover unpaid tax, in these circumstances, for a little over four years.

Anything beyond that time cannot be recovered as long as you have been honest with the IRD.

# Look into the Future

When faced with a dilemma, ask yourself this very basic question :

*In twenty years' time, will this matter?*

In most cases you will answer no, helping you to regain perspective.



# Changes to Personal Income Tax Rates

BUDGET 2008, DELIVERED on 22 May, has brought about changes to personal income tax rates and thresholds that will take effect from 1 October 2008, with the income thresholds continuing to increase over the next few years. The current and new rates are shown in the tables below:

Current rates		New rates from 1 October 2008	
Income to \$9,500	15%*	Income to \$14,000	12.5%
\$9,501 - \$38,000	21%*	\$14,001 - \$40,000	21%
\$38,001 - \$60,000	33%	\$40,001 - \$70,000	33%
\$60,001 and over	39%	\$70,001 and over	39%

\*These are the effective rates taking into account the low income rebate. There is no low income rebate under the new legislation.

From 1 April 2010		From 1 April 2011	
Income to \$17,500	12.5%	Income to \$20,000	12.5%
\$17,501 - \$40,000	21%	\$20,001 - \$42,500	21%
\$40,001 - \$75,000	33%	\$42,501 - \$80,000	33%
\$75,001 and over	39%	\$80,001 and over	39%

The fact that these changes will come into force part-way through the income year means that an average of the new and old rates (known as a composite rate) will need to be applied for the 2008/09 year.

Depending on the circumstances of the individual taxpayer, these changes in personal tax rates could have various implications. They will have an impact on the calculation of provisional tax payments, special tax codes, and PAYE deductions, just to name a few. Please contact your accountant if you wish to discuss how these changes could affect you.

Source : RSM Prince

When you start down the road of revenge, remember to dig two graves.

Chinese Proverb

# Four Common Advertising Mistakes

ADVERTISING WORKS BEST when we catch the attention of the reader or viewer, and when we offer something compelling them to take action e.g. make a call, visit your showroom or to check out your website.

However, there are four 'Golden' rules to avoid whatever advertising medium you are using.

So, beware of –

- 1 Exaggerated claims such as "Simply the best". These are too clichéd and simply irritate. Also, you are setting yourself up to fail if you actually aren't the best, even if you are still very good.
- 2 Advertising yourself rather than what you offer i.e. your product or service. Avoid comments like, "We are proud of what we have achieved" or "Maintaining a tradition for over 50 years". Your customers are likely thinking "So what! How does that benefit me?" Instead you might say, "We'll help you make the right decision based on our expert advice".
- 3 Keep things simple. Ideally adverts should be written so that a 12 year old can understand them. Over long copy and complicated concepts will often not be understood and the message will be lost. How many adverts on TV have you seen that left you totally confused at what they were promoting?
- 4 Stay away from other peoples ideas. The chances are that if you find it attractive and imitate, others will too, and yours will merely be part of a crowd. Always search for a differentiator, be the one that stands out in the crowd!

Source: Copyright On Track Business Leadership Ltd 2007

Website: [www.ontrackbusiness.co.nz](http://www.ontrackbusiness.co.nz)

# Putting your prices up

With inflation running at 4%, you are probably going to have to put up your prices. The following five rules may assist:

- 1 It is usually better to be putting your prices up at the same time as others.
- 2 Small amounts regularly (but not too often) are better than big amounts infrequently. Don't keep putting off this task.
- 3 Can you move something down at the same time?
- 4 Your top 20% of customers need to be handled more carefully than the others. Consider personal contact as part of your strategy. As one client says "Sell the bill".
- 5 Give your customers true explanations for the increase.

A client put up his prices 8% in one go. "I had to bite the bullet" he said "my prices had got too low. I lost just two small customers."

Another doubled his prices and lost half his business. Incredible! Customers do not like nasty surprises.

Sometimes you may be able to achieve a price increase without appearing to have done so. Try these ideas:

- Revise your discount structure downwards.
- Change your minimum order size or unit sizes.
- Charge for delivery or travel – an excellent excuse in the current environment of high petrol prices.

- If asked for a rushed order, can you charge for overtime?
- Your terms of trade should include interest payable on overdue accounts. Try enforcing this charge. Even if you later forgive it, the threat should have a positive effect on cash flow.
- It may be time to put escalation clauses back into contracts. The supplier, when quoting, puts in a condition that the price is subject to change if material prices increase.

## Contractors

If your prices are higher than your competitors, for example you may be a painting contractor, explain why the customer would benefit from paying you more money for the job. Don't just put in your price and hope. References from happy customers could be included with your quote.

# A Great Domain Name for your Website...

Select a domain name that reflects your web site. Your domain name should reflect what your web site is all about. For example, if your web site is about grooming a dog, you wouldn't want to select a domain name like 'mybusinessname.com', as this would have nothing to do with your web site's focus. You should select a name that tells the world what your web site is all about – something like 'doggrooming.co.nz'.

Select a domain name that will be easily remembered. With millions of web sites accessible on the Internet, it is also very important to select a domain name that will be easy to remember. As in the 'doggrooming.co.nz' example above it is very easily remembered, contains the most relevant keyword phrase and describes the web site in explicit detail.

Avoid using numbers, dashes, underscores and abbreviations. If you selected a domain name like number1host.com, if you were to tell someone your web address, they may try to type it as

'numberonehost.com' instead of 'number1host.com'. Numbers, dashes and underscores cause confusion.

Although well-known companies, such as IBM can get away with using abbreviations within their domain name, most companies can't. As a rule, try to avoid using abbreviations or anything that will be difficult for your visitors to remember.

Ensure your domain name is not a trademark infringement. Prior to registering a domain name, you may want to consider searching the Trademark Electronic Search System to ensure your potential domain name isn't infringing on any trademarks.

When you're ready to begin, create a list of a dozen or more potential domain names, as chances are, your first choice will already be taken. With any luck, one of the domain names on your list will be available.

Take your time and select a quality domain name that will grow with your business. It will be well-worth your time and effort in the long run.

Source : Sudburys Limited

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NZ CA Limited is an association of independent chartered accountants' practices with members located throughout New Zealand. There are 24 firms practising in 33 locations.

NZ CA members have agreed to co-operate together to develop a national working relationship. Membership enables firms to access one another's skills and information whilst maintaining client confidentiality.

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- Kerikeri	(09) 407 7117
- Mangonui	(09) 406-2173

## Charities Register

FROM 1 JULY 2008 ALL charities in New Zealand that wish to be tax exempt need to be on the Charities Register. The register is maintained by the Charities Commission and can be found at [www.charities.govt.nz](http://www.charities.govt.nz)

If you are considering making a donation to charity and anticipate being able to claim the donation as a taxable deduction, make sure the charity is on the register.



## The art of saying 'no'

FOR MOST OF US in business, there never seems to be enough time in the day. We are often asked to serve on committees or help in some other way and are reluctant to say "no". Sometimes the invitation is made by an organisation with an inferred reward of being offered some business. These rewards rarely materialise. Perhaps we need to break the "yes" habit and say "no" more often. Be more selective about when you say "yes".

## Changes in Particulars

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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