

HUMAN RESOURCES - LAW CHANGES Important changes for employers...

Changes to Employment Law from April 2011

There are some upcoming changes to employment law set to take effect from 1 April 2011:

Employees can now request that one week of leave is cashed up and the employer is able to choose whether they agree to this. The application and response must be in writing. For leave accrued after 1 April 2011, up to one week can be "Cashed up" per year.

Employers can if they wish create a policy stating that they will not accept any requests for cashing up of leave, conversely cashing up leave cannot be a requirement in the employment agreement.

Trial periods being extended to all businesses:

However the trial period can still only run for a maximum of 90 calendar days and must be contained in the employment agreement. Only new employees (not returning employees) can work under a trial period. Remember – the 90 day trial period will only protect employers from a claim of unjustified dismissal.

Employment agreement requirements:

In the past Employers have been required to have an employment agreement with their employees, but were never required to retain a copy. From now on Employers are now required to retain a signed copy of the agreement or retain a copy of the terms and conditions of employment if the agreement is not signed or agreed to. This applies to all employees currently employed and any new employees. The fines have increased for not having an employment agreement from \$5000 to \$10,000 for an individual employer and from \$10,000 to \$20,000 for a company.

Changes to the Immigration Act 2009 came into effect on 29 November 2010:

All employers must now have taken reasonable precautions and exercise due diligence in order to check whether a prospective employee is entitled to work in New Zealand. A signed IR330 is not reasonable enough. The Department of Labour has a website Visa View that can be used to check status of employees, employers are required to be aware of when permits expire.

Please contact us to discuss this, or any other HR matter.

BCS Business Computing Services

Information technology has become such a specialist area of business management, Staples Rodway's Business Computing Services, our team of Information Technology experts, are dedicated to serving the ICT (Information and Communications Technology) needs of our clients.

When we needed to replace our ageing telephone system we wanted our new system to be an innovative and flexible product that would integrate with our business applications and improve the way we communicate not only with our clients but with each other.

Our team reviewed the market armed with these prerequisites and analysed the numerous solutions available. It quickly became apparent that ShoreTel stood out from other unified communication solutions.

In fact, we were so impressed with the solution that not only did we implement it in our own office we decided that this should become part of our recommended product line and have since become a reseller for this fantastic IP based telephony solution.

Satisfied Customers Prove that ShoreTel is the Right Choice for Unified Communications.

ShoreTel have it all.

- Ground-breaking-products in the communications and technology world
- Low total cost of ownership while improving communications and efficiency
- Ease-of-use and ease-of-management without compromising functionality
- Unique distributed architecture for unmatched reliability and scalability
- Seamless integration with business processes to increase productivity

ShoreTel's solutions is extremely scalable and can grow with your business needs.

ShoreTel Small Business Edition (SBE) provides you with an award-winning, reliable, easy-to-use and cost-effective IP-based business communications system, which offers enterprise-class functionality without requiring the luxury of dedicated IT staff.

This comprehensive solution has everything you need, including:

- Unique distributed architecture for unmatched reliability and scalability
- Fast easy installation, and streamlined management
- Flexible communications options that empower employees and increase productivity
- Mobility features for employees on the go
- An affordable price point for small user groups

ShoreTel – meeting the needs of small business owners doing BIG business.

ShoreTel was Named Best in Customer Satisfaction for seven years in a row by Nemertes Research.



When you're ready to unify your communications pick up your phone and give either Rob McEwan or Paul Johnston a call.

Phone: (06) 757 3155
ICT Helpdesk: (06) 757 3809

Email: Rob.McEwan@staplestaranaki.co.nz
Email: Paul.Johnston@staplestaranaki.co.nz

ACCOUNTING SYSTEMS & YEAR END ACCOUNTS ... ARE YOU READY?

Many of our clients are now using electronic accounting systems. When used correctly these systems can save us a lot of time preparing your year-end financial accounts. We also recommend completing pre-balance date checks; we spend one to two hours reviewing your system to ensure the necessary accounts are reconciled, correctly coded, and that nothing requires further investigation before we commence your accounts. We also run through a set of monthly procedures to ensure all month-end and year-end procedures have been correctly actioned in your system. For assistance please call Lyn Wilson or Kylie Holland to arrange a suitable time for one of our team to visit and complete the review.

In the meantime, here are a few things you can do to ensure your systems and information are in order:

- Review your outstanding debtors and write off any bad debts as required (remember according to IRD rules, this has to happen before 31 March 2011, or your relevant balance date).
- Ensure all un-presented cheques and unbanked deposits have been reviewed and any stale items written off.
- Plan when you will do your stock take.
- Contact us if you have received a GST adjustment from us after your year end accounts were done and you haven't included it in your GST because you were not sure how.
- Contact us if you have received a year end adjusting journal from us and you haven't entered it yet because you were not sure how.

If you have any questions regarding this, or any other matter, please contact us on 06 757 3155.

An independent member of Baker Tilly International

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staplesrodway
CHARTERED ACCOUNTANTS

Staples Rodway Taranaki News ISSUE ONE 2011

Protecting your Business from Bad Debts

In the current economic conditions it is likely that your business has been, or will be, affected by customers who don't pay you for goods you have supplied or work you have done.

Using the Personal Property Securities Register (PPSR) is a good way of giving your business a better chance of collecting its debts and having priority over other creditors, especially in the situation where your customer goes into liquidation.

When you have a retention of title or Romalpa clause, a hire purchase agreement, a lease of more than 1 year or have given a loan for personal property, you can make a registration on the PPSR for a little more than \$3. The PPSR is used only for registering security interests in personal property including motor vehicles, items of plant and equipment, money, goods, livestock, investment securities and documents of title. Personal property is also referred to as collateral. When the collateral is identified as "all present and after acquired property" the registration is referred to as a General Security Agreement or GSA. A bank's security interest is usually a GSA.

As with all legal documents, there are important points that need to be completed so that your registration is valid and gives you the protection you are seeking:

- Get a written and signed authority from your customer allowing the registration. This can be part of your terms of trade in your credit application form. It is important to get the terms signed, otherwise the registration is not enforceable against a third party such as a liquidator, usually the time you need the security the most. Merely including your terms of trade on your invoice will not constitute signed authority.
- Use the correct name of the customer. The name should be as it appears on official documents such as a birth certificate, passport or drivers licence. You will also need their date of birth. When the customer is a company, the company name should be as it appears on the Companies Register and also include the company incorporation number.
- Use specific identifiers, such as vehicle registration numbers and serial numbers of equipment, if your collateral is a specific item.

The priority of your registration against other registrations over the same collateral is determined by the date of the registration.

However, if a Purchase Money Security Interest (PMSI) exists, it will have a "super priority" over a general security interest in the same collateral. Usually a PMSI exists when there is a security interest in a specific item, or items, under a hire purchase agreement, a loan or Romalpa clause.

To create a PMSI, the registration must be made before the goods are delivered if the collateral is inventory, and within 10 days of possession for other goods.

It is important to note that a search of the PPSR does not identify PMSI's – you need to interpret the registrations to identify if a PMSI exists.

An example of priority in action:

A manufacturer of tools supplies them to a retail shop. The manufacturer holds a written and signed authority from the shop to make a registration on the PPSR, and makes the registration before supplying the tools. The bank already has a GSA over all present and after acquired property, the shop goes into liquidation and the manufacturer has not been paid. Because the PMSI was correctly registered the manufacturer will have priority over the bank if the liquidators make a distribution.

To ensure your registrations continue to give you protection it is important to know that a registration on the PPSR is valid for up to 5 years, so you need to have a system in place that ensures you are renewing registrations before they end. If your customer changes their name you need to change the name on the registration for continued protection.

You can use the PPSR as a business tool to search for:

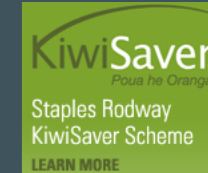
- Registrations, and their details, made against you by your suppliers
- Registrations already made against your customer by others
- Registrations already made by others against potential new customers
- Existing securities on goods, especially motor vehicles, which you are looking to purchase

The PPSR can be a useful tool in helping to protect your business, but it does require forward planning and proper execution to be effective.

If you would like help with reviewing your terms of trade, setting up PPSR registrations or more information about this topic contact one of our insolvency specialists Greg Eden or Heidi Pope.



KIWISAVER KIDS



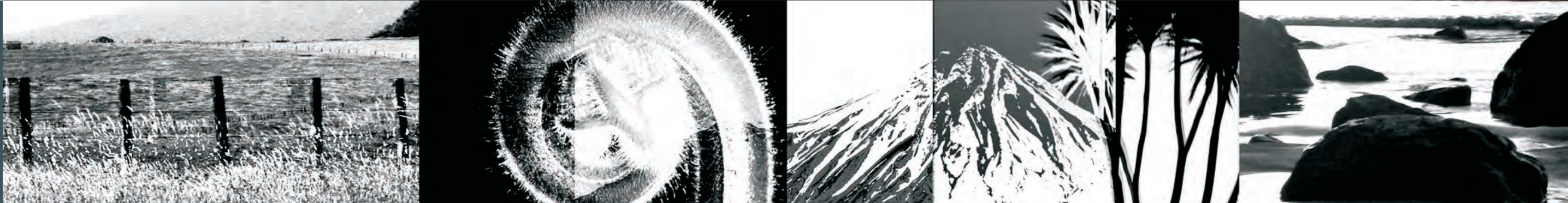
If you have children who are entering the workforce, we recommend you talk to us about their future...

Staples Rodway have a very successful Kiwisaver Scheme available; for more information go to: www.staplesrodway.com or call us to talk more about the options available.

Read more about Kiwisaver in our next Newsletter.

Not so ordinary accountants

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Welcome to issue one for 2011...

Another year is 'done and dusted' and plans are well underway for 2011. It looks set to be an interesting year as we continue to recover from the global recession, and regain some momentum.

Once again we look forward to helping you with your business needs, and truly hope it's a prosperous year for all of us in business.

2011 will see the region abuzz with lots of exciting events coming up around Taranaki; the Rugby World Cup, the Taranaki Arts Festival and WOMAD, to name but a few... so keep your eyes peeled for exciting things to make this year a fantastic and enjoyable year for yourselves, your families and friends.

Wishing you all the best for a great year, from the Directors and staff at Staples Rodway.

DISASTER RECOVERY - WHAT'S PLAN B?

We have all been aware of, or affected by recent lashings from Mother Nature; the Christchurch Earthquake, Australian floods, Brazilian landslides... Our friends and colleagues at Staples Rodway Christchurch were recently thrown into disarray when the Christchurch earthquake struck. We are thankful there were no major catastrophies and business was able to resume mostly as normal just a few days thereafter... BUT have we learned anything from their experience? If we can take anything from this, it should be a few lessons on preparedness. Us kiwi's have a tendency to take the 'she'll be right' attitude of 'we'll deal with that if and when it happens'. Sadly in business, this can be fatal. So, here's a snippet of advice from Jon Teear, Director of Staples Rodway Christchurch:

We reopened our offices on the Wednesday after the earthquake if only, it seems, to experience what it was like to have the building shake in a big aftershock. When that one struck, we surrendered to Mother Nature and reclosed until the following Monday. With hindsight, we think this is what we should have done in the first place, as it gave our staff more time to recover themselves and their properties before starting work again. Something to think about for next time...

This brings us to preparedness for earthquakes or any other disaster. Earthquakes have never been associated with Canterbury before, so the contingency measures that most businesses typically have in place now have to be reviewed to take them into account.

Offsite backup data storage is the obvious one but what about offsite backup premises? While this is obviously not realistic, it is well worth considering how you would continue to operate your business if you cannot occupy your usual premises, and plan accordingly. Businesses with significant physical assets — stock as well as plant — need to make sure those are securely contained. For years EQC has been telling homeowners to secure furniture, valuable ornaments and the like to prevent them moving or falling in an earthquake. This advice is no less pertinent for businesses. Having effective business interruption insurance has made the difference for some, between remaining in business (being able to pay on going costs such as wages or rents) and not. Enough said. It also essential to consider how you would maintain your business, and retain your staff, if you suddenly have your cash-flow restricted — or, worse, cut off completely for a period. The narrow margins of today make it a challenge for many businesses to maintain an emergency piggy-bank, but contingency access to interim working capital is essential — well worth raising with your bank manager next time you meet. It is also important to check the means of contacting all staff in the event of an emergency, which means contact lists need to be up to date, and immediately accessible to all. And the best idea of all ... ensure someone in your organisation is charged and resourced to make sure all of the above happens!

Having a good plan for disaster recovery will ensure your business is up and running with the least interruption to yourself, your staff, and your clients

LAQC and QC REFORMS ON THE WAY

New rules preventing loss-attributing qualifying companies (LAQCs) from passing losses on to their shareholders were announced in the 2010 budget. The reforms introduce a new entry, a look-through company (LTC), which provides a flow-through income tax treatment for closely held companies. Business income and losses will be passed to shareholders who will pay any tax due, but the LTC will still have the benefit of limited liability. New loss limitation rules similar to those that apply to limited partnerships will apply. The Government has also decided to review the tax rules for dividends, with a view to simplifying them for closely held companies. Until this review is undertaken, existing qualifying companies (QCs) and LAQCs can continue to use the current qualifying company rules, but without the ability to attribute losses. Existing QCs and LAQCs can elect into the new LTC flow-through rules, or to change to another business vehicle such as a limited partnership, ordinary partnership, or sole trader without a tax cost. This is a positive change from the treatment that was initially set out in the Issues Paper that required a deemed disposal of assets at market value when exiting the QC or LAQC regime. Another option is to exit the QC or LAQC regime by revoking director or shareholder elections, and the entity can then continue as an ordinary company. There is no tax cost on exiting the QC or LAQC regime. An election to become an LTC or to change the business structure must be made within 6 months from the start of their transitional year. The legislation for the new rules was enacted on 20 December 2010 and will come into effect from 1 April 2011. We will provide further details on the new rules and various options available, however if you have any immediate questions please contact your Staples Rodway advisor.

Calculating GST

It is well worth taking the time to familiarise yourself with the new calculations. When it was 10%, the arithmetic was pretty easy, and it was not that much harder at 12.5%. But many are finding 15% challenging. We think below is the easiest way to go about it. Work with \$100. To calculate the GST-inclusive amount: $100 \times 1.15 = \$115$ To calculate the GST in a GST-inclusive amount: $\$115 \times 3 \div 23 = \15 To calculate the GST exclusive amount: $\$115 \times 20 \div 23 = \100 To calculate the GST-inclusive amount from the GST: $\$15 \times 23 \div 3 = \115

AVOID A BIG TAX BILL! RWT Rate Changes...

The Resident Withholding Tax (RWT) rates for individuals were aligned with the 1 October 2010 income tax rate changes in the Budget.

All interest payers, usually banks on your behalf, were required to change trusts' RWT rates, in particular the 33% RWT rate, to 30% on 1 October 2010. However, you may wish to retain the

33% rate if your trust normally retains its income or distributes it to beneficiaries who are on the 33% income tax rate. If you do not do this, those beneficiaries or the trust could have a shortfall in their end-of-year tax calculations — in other words, an unexpected tax bill.

To change the RWT rate back to 33%, the interest payer (i.e. the trust's bank in most cases) needs to be contacted directly. Your Staples Rodway advisor will be happy to explain this in more detail, assess your particular situation and assist with contacting your bank if this is required.

ACCOMPLISH CASHMANAGER Support Ceases for Old Versions

For many years Accomplish Cashmanager have provided support for all their products, from the very first release through to the latest version.

However, as of 30th April 2011, they will be no longer supporting anything earlier than Version 10, so you must upgrade to continue receiving support.

To find what version you are currently on, open cashmanager and click on 'Help' then 'About Cashmanager'

If you are still using one of the versions listed below, this notification does not mean you have to stop using it, it just means if you have a problem they will not be able to assist you — mostly because they no longer have the technical knowledge in-house that is required to maintain the software.

Effective 30 April 2011 support will cease for the following versions:

- CashManager Version 7
- CashManager Version 8
- CashManager Version 9
- CashManager DOS — all versions
- Report Writer in all 'Plus' versions

To explore your options on updating to the latest version, please contact Kylie Hollard on 06 757 3155.

BUSINESS EVOLUTION

At Staples Rodway we have been practicing Succession Planning with our clients for many years, but we recognise that there can be several different approaches to the topic. We wanted to ensure that we are all following a structured, co-ordinated process, and adding value during each step.....hence Business Evolution.

Business Evolution is about building, retaining and passing on your wealth from generation to generation. It involves recognising and dealing with many complex family, individual and business issues such as clarifying your goals, management succession, estate planning, taxation and wealth management. Working through the Business Evolution process may point to realising the best possible value for your business, but this depends on your individual needs and circumstances and can be determined once your goals have been established.

THE SEVEN STEPS OF SUCCESSION PLANNING

Goal setting

Every business is unique and the optimum outcome for each one will vary. From the beginning it is important to establish and maintain a clear focus on the core goals and outcomes sought. Before you commit yourself to the process, you need to understand and clearly articulate what is truly important to you.

Importance of family

The most important and complex matters that you will need to deal with in the Business Evolution process concern your family. The key to your success in the Business Evolution process lies in identifying the needs of each individual and satisfying those needs.

Where is your wealth?

You will need to map your wealth, including the business and other investments that you may have accumulated over the years. Then you need to consider in what form and when these assets may be transferred, and to whom. This will result in a summary of your wealth and how you wish it to be allocated.

Continued success of your business

The Business Evolution process revolves around continuity and value. Addressing both of these issues will ensure that the process underpins and builds the ongoing success and growth of the business and its capital value.

Legacy

You may have spent a lifetime building your business, developing key relationships, working within your community and for the benefit of your family. As part of the Business Evolution process, you may wish to consider the legacy that you wish to leave, such as something that you are known for, a way that you wish to give back to society or something that you have always wanted to do.

Choosing your Advisor

It is important to identify and engage a suitable Advisor early in the process, ideally someone with both professional expertise and the life experience necessary to guide you through the process.

Your Plan

People are sometimes puzzled when they look back and wonder why they have not achieved what they had hoped. Often, on reflection, they realise that they really didn't know where they wanted to go in the first place and that their goal posts kept shifting from year to year.

Call us today to discuss your business succession plan.



HARDCORE FUN: A hardcore bunch at our 2010 staff Christmas BBQ
L-R: Matt, Tony, Rachel, Robyn, Sue, Susanne, Christine, Norma, Cerise, Rob, Bruce, Carla, Aaron, Jim, Ashleigh

STAPLES RODWAY TARANAKI - HARDCORE!! Hardcore People Doing Hardcore Work

Staples Rodway Taranaki staff are Taranaki proud, and now they all have the t-shirts to prove it! The Director's of Staples Rodway Taranaki shouted all employees a right proper 'Taranaki work uniform' which staff can wear to Staples sports events, and other fun activities out and about, anytime they like. No doubt you'll see some of our Hardcore staff out ... proudly sporting their green-theme tee's!

