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**IMPORTANT DATES**

- **1 June 2009**  
Queens Birthday Weekend
- **29 June 2009**  
GST return and payment due
- **28 July 2009**  
GST return and payment due
- **28 August 2009**  
Provisional tax installment  
due for those with a March  
balance date.  
  
GST return and payment due

**Note:** Not all GST dates will  
apply depending on your  
GST return frequency.

**RECESSION PROOF YOUR BUSINESS**

There are many ways and many reasons to improve your business practices. Many of these can save you time and money. Below are some ideas that might help to 'recession proof' your business.

1. Put in some time on the work floor. Take the time to look at where most of the work for your company is done and spend some time there. It is important to be involved in order to improve operations and this may help your staff to feel more connected and involved with the running of the business.
2. Work on your cashflow. Improve your cashflow by avoiding excessive stock on hand and work in progress. Manage your debtors and creditors carefully to maintain a healthy cashflow and keep you in touch with where the business is heading financially.
3. Keep your quality high and costs low. Strive to improve efficiency and cut costs without lowering the standard of service to your customers; your customers will recognise this. Focus on good value and great service but avoid unnecessary spending or wasted time.

4. Improve your processes. Reviewing efficiency and eliminating waste will improve profitability. Involving staff in this process can improve their job satisfaction and your bottom line.

5. Strengthen relationships with your suppliers. Cut down on administration by dealing with only one or two major suppliers if you can, and work on a developing a strategic relationship that will allow you greater flexibility and improved systems. You may be able to agree on more frequent orders at smaller quantities to keep your cashflow healthy.

6. Respect your people, support and reward them. Training and supporting employees will help you to make the most of their skills. Greater work satisfaction means people work more efficiently and effectively.

If you have any questions about these issues, please don't hesitate to give us a call. We can provide you with some specific solutions to make your business more effective and profitable. Call (03) 477 8777.

**Farewell to yet another IBA International Student**

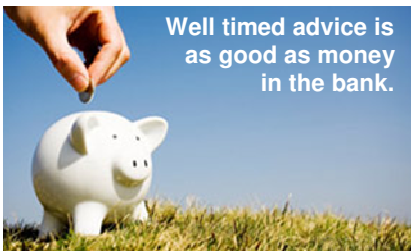
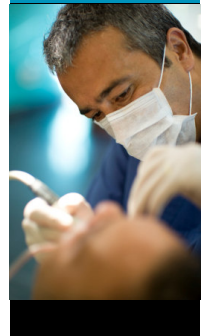
Over the past three months we have had the pleasure of working with yet another IBA student (International Business Academy).

Britta Søgaard travelled from Denmark to NZ in early March. As part of the practical requirements for her course and final report submission, she has spent the past few months working both independently and with our team to develop some new marketing initiatives for LANZ Recruitment.

LANZ Recruitment is an international recruitment company with staff in NZ and the UK. The company works with New Zealand based dental and medical practices to place locums, short term and permanent staff. These include NZ and overseas trained dentists, doctors and physiotherapists. See [www.lanzrecruitment.com](http://www.lanzrecruitment.com) for more details and current vacancies.

Britta is now heading to the Whitsunday Islands for a short break before heading home.

One of our Marketing Consultants, Clare Dorking, is now based in Denmark for a large portion of the year working as the NZ & Pacific Region Co-ordinator for IBA. If you would be interested in having a student work with your business please get in touch and we will put you in contact with Clare.



## Kim on Maternity Leave

One of our genuine all round business support specialists, Kim Sturge, is now on maternity leave and will be working from home after taking a bit of time to get used to the idea of being a mum.

With the assistance of Mike's technical expertise we have been able to set-up a laptop at her home, with the ability to login to our office server and utilise all software as if she was in the office. This means that although working significantly less hours, she can fit work around her family life.

For all those who have enjoyed regular contact with Kim there is no need to fear. She is planning to come back and in the meantime will still be working in the background to ensure consistency in your GST returns and accounts. She will also still be checking her emails, although in many cases your queries may be responded to by other members of our team to ensure efficiency.

We wish Kim and her husband Adam all the best for this phase of thier life. Her commercial kitchen operation skills may also be back in demand with an extra mouth to feed. Prior to working with us Kim use to run her own Panforte manufacturing business. Panforte is an Italian style desert resembling a fruit cake, although it has no rising agent and very little flour.



## Securing Funding in the New Climate

The current economic climate has had a major impact on the way our banks run, and in particular, how they manage their lending. Banks in New Zealand have, across the board, tightened up their processes in regard to lending, and are now much more strict on criteria for applications for new, and extensions on existing, loans.

Many banks are looking far harder at borrower's earnings and apparent stability and are being far more critical. This is a marked change from the slightly more relaxed 'she'll be right' attitude that has been predominant over the last few years.

In an attempt to assist with those thinking of making a loan application in the near future, we have listed some of the issues that you should be prepared to be assessed on. Credit assessment essentially boils down to Five C's:



"...JUST UNTIL WE GET BACK FROM VEGAS."

**Character:** This is a hugely important aspect of any credit assessment. You may have all of your financial ducks in a row, but they will still want to know who you are, if you are trustworthy and if you have the genuine desire to pay back the loan, rather than just the apparent means to do so. They want to know who they are lending to, your reputation, credit track record, and employment history.

**Cause:** It is important to be honest and transparent about your reason for seeking finance, it is important for the lending to fit the purpose. Lenders are also happier for you to purchase an asset rather than funding tax arrears or other debts.

**Cashflow:** The lender will need to make an affordability assessment, with a sensitivity analysis including losing income, rental reliance or interest rate changes. Lenders are now far more likely to go into considerable detail at this stage. Certainly more so that in the past.

**Capital:** An assessor always loves a saver; they want to know how much 'hurt' money is in the game. Often genuine savings are viewed as more valuable than equity such as capital gains because you've worked so hard to get it. The lender will want to know that you've got something at stake to motivate you to make the loan work.

**Collateral:** This one's easy. The lender will want to know what they will get if it all goes belly up. This has always been the case, but you will find that lenders are likely to be far more critical of asset values and much more likely to require an up to date professional valuation.

## House Prices Down But Steady

The QV residential property value map (on right) shows the average sale values for Dunedin properties over the past three months and compares these to the average values for the same timeframe in the previous year.

QV estimate the average decrease in residential property value for the Dunedin region to be 8% over the past year. However, the majority of this decline occurred between April and August last year and the market has remained relatively flat since this point in time.

### Positive Cashflow Now Possible

Positive cashflow or 'positive gearing' on a property is where the property earns more in rental income than the costs associated in owning the property.

Falling property prices and interest rates have combined to increase rental yields. Based on sales in the past twelve months and current interest rates several areas of Dunedin are estimated by QV to have positive cashflow potential. For houses these areas include Dunedin North, North East Valley, St Kilda, Pinehill, Woodhaugh and Caversham. For Units these areas include the University, Mt Mera, Port Chalmers, Ravensbourne and Maori Hill.

Thinking of investing or selling up? Talk to Lindsay first and ensure you are not going to paying all your profits to the IRD.

## Loan Re-fixing: Do your sums!

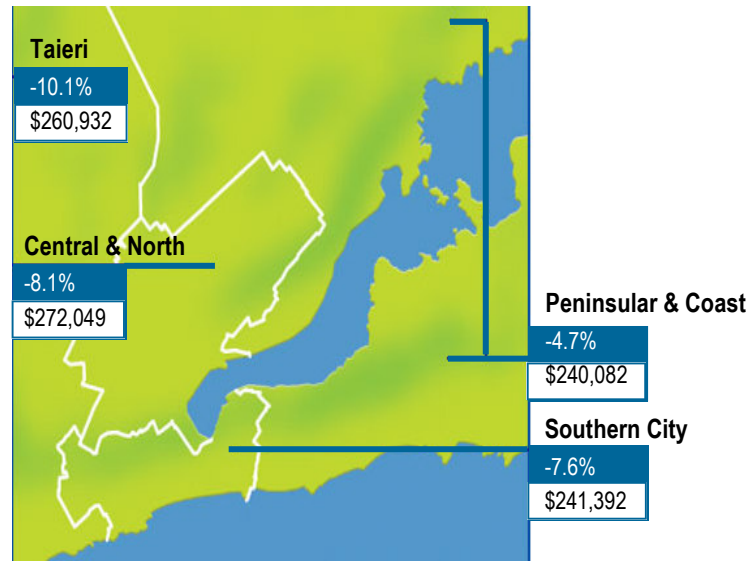
With the continual drop in interest rates, it can be tempting to look at breaking out of fixed interest terms on mortgages to cut repayments and free up some cash. Often, this is a worthwhile idea, however you should be looking at the long term effect as well as the short term implications.

More and more people are looking at the fees that result from breaking out of these fixed terms and capitalizing these fees by adding them to the total amount owing. If the bank is happy for you to do this, again, it frees up cash in the short term and can be useful in tight economic times. However, this is not a "Get out of Jail Free" card. These fees will need to be paid at some point, and if added to your mortgage will mean more interest in the long term.

It is very important to calculate the full implications of these fees over the term of your loan. Will what you are doing save you money over time or just save you cash now. If you are at all unsure, always seek professional, unbiased advice. Call Allison to discuss (03) 477 8777.



## Property Value Map



## Individual Income Tax Changes

The major changes to the current income tax rates are an increase on the top limit of the 21% bracket from \$40,000 to \$48,000 and a 1% decrease on the income tax rate for the over \$70,001 income bracket, from 39% to 38%. These figures are set to change again in 2010 and 2011.

Salary and wage earners will not need to do anything; the new rates will be applied by employees as of 1 April 2009. However, another change happening at the same time may require some action. The new Independent Earner tax credit will come into effect on this date and anyone eligible will need to change their current tax code with their employer.

The Independent Earner Tax Credit (IETC) is for New Zealand residents who earn an annual net income of between \$24,000 and \$48,000 per year and who don't receive any other government support or tax credits. These include:

- Working for Family Tax Credits
- Any income-tested benefit
- New Zealand Superannuation
- A veteran's pension
- Any other foreign equivalent of the above

If you are eligible you will need to change your tax code. Employers are receiving new tax code declaration forms from IRD for you to make these changes. For most employees the change will be simple enough. For example, it's a matter of changing your code from 'M' or 'M SL' to 'ME' or 'ME SL' respectively. If you are unsure whether you qualify please don't hesitate to give us a call (03) 477 8777.

## Recession talk getting you down?



**Hit the refresh button!**

Revamp an aspects of your business to achieve better results:

- **Branding**
- **Marketing material**
- **Website**
- **Systems review**
- **Development of new markets & strategic planning**

It doesn't have to be expensive to be effective. Often simple changes and an outside perspective can make all the difference.

- Brand and logo revamp from \$275
- Marketing ideas, assistance, planning or marketing material revamp from \$175
- Website - why pay a web developer every time you want to make a change? We can revamp your website so that you can make all the content changes yourself.
- Make the most of new technology! HTML emails are becoming common place. They significantly cut down your newsletter and promotional material printing costs. They look great and enable you to track results.
- Systems review - why do things the hard way just because that's how you have always done it. We find that when people go to sell their businesses, if their processes and systems are out-dated, the price they get for the business sale takes a serious hit. Start preparing your succession plan now. Don't just pour time into the business without ensuring it is well structured and appealing for future buyers.
- Strategic Planning. Every cloud has a silver lining - our team can help you strengthen your position as well as identify and leverage off new opportunities.

Feel like business is standing still?... hit refresh!

Still in the game while others are dropping out?... Reassure your customers and pick up new clients - they need to hear about your business... hit refresh!

Call Josh or email: [josh.bruce@impactconsulting.co.nz](mailto:josh.bruce@impactconsulting.co.nz)

## More KiwiSaver Changes

KiwiSaver has changed again. These changes affect most people; **whether you are enrolled in the scheme or not.**

The major changes effective as of 1 April 2009 are as follows:

- Employers will no longer receive a tax credit for the employer contributions that they make.
- Employees will have the option of contributing 2% of their earnings as well as the current 4% or 8% options. This may mean that the scheme is more appealing.
- The rules around Employer contributions have loosened to allow the Employer contributions to be included as part of an employee's total salary package (previously it was excluded), and those employees not enrolled in KiwiSaver can apply to have the equivalent employer contributions paid directly to them. In essence, this means that those involved with KiwiSaver are paying their own Employer contributions out of their salary package. Those not involved could be getting the same amount in the hand.
- The \$40 annual fee subsidy is being removed from members KiwiSaver schemes.
- Employers will not be obliged to pay any more than a 2% contribution towards your KiwiSaver account and they will have to pay income tax on the contributions.

If you have any questions about these changes, we are more than happy to discuss your situation.

## Your Help Much Appreciated...

We are currently considering taking on an additional accountant to enhance our service and grow our business.

In order for this to happen we are looking to expand on our current customer base.

We only want quality clients who have a positive outlook, so figure the best place to start is with you... our current clients, whom we get along well with and have developed good working relationships.

For every successful new client referral you send our way or put us in touch with, we will take \$100 off your next bill and send you a complimentary bottle of Greylands Ridge Wine!

For those who have already sent us referrals this offer will be back-dated to the beginning of the financial year (1 April 09).

**\$100 off your next bill**