

UHY HAINES NORTON NEWSLETTER

October / November 2016

It's interesting times for us here in Kumeu and Helensville, watching the enormous growth being experienced in the Kumeu and Helensville areas – and everywhere in-between.

Talking to our building clients, they are all extremely busy and speaking from experience (as I am in the middle of building our own house), it is very difficult to get a tradesman to the site on time these days. I think this is the start of the building boom and so long as interest rates keep holding to their historical low levels we should see this boom continue for the next 2-3 years.

It is our turn at hosting the Business After 5 event at the Huapai Golf Course on Wednesday 16th November so we would love to see you there.

Our October/November 2016 newsletter contains articles on:

- Safeguarding the Future of Your Business With Succession Planning
- Taxing Matters: Summary of the Latest Tax Changes
- Changes to the New Zealand Residence Programme
- Dairy Farmers Under Greater Financial Pressure
- Lessons in Management: Talk to the Animals
- Upcoming Event: UHY's Business After 5 Hosting at the Huapai Golf Club
- Congratulations to the Winners at the Westpac Auckland Business Awards 2016 - West
- The UHY Company Facebook Page
- The UHY International Forum in Grazalema, Spain
- Staff News: October/November 2016
- On a Lighter Note: Accounting Humour

As always, if there is anything you would like to discuss with us please don't hesitate to get in touch.

Best regards



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Safeguarding the Future of Your Business With Succession Planning

Tim Livingstone explains why every business should have a succession plan in place and what business owners should consider when developing one.



Although studies show that businesses with succession plans experience higher growth and have a higher survival rate than those without, over half of New Zealand SMEs don't have any succession plan in place. A succession or exit plan is a formal plan that prepares you and your business for the future. Many business owners subscribe to the myth that they don't need a succession plan because they are not planning on exiting the business for a long time. Ironically, though, succession plans are invaluable for preparing a business for the unexpected: providing essential protection against possible future events.

Succession/exit plans are also important because they force business owners to consider their end goal and how they will get there – after all, everyone's ideal future looks different, and getting there may involve any number of different strategies. Some business owners may want to transition into a strategic overseeing role, while others may want to exit the company completely.

Succession or exiting takes thorough planning, and for this reason we recommend beginning early – long before you are actually intending on exiting. Not only does starting early help to prepare the business for sale or transition, it provides more control over the timing and a greater chance of a successful outcome.

I have personally witnessed very different outcomes in businesses with a succession plan in place versus those without when the unexpected occurs, such as a sudden illness or death. The devastation caused by these sudden events is difficult enough without the added pressure of trying to transition a business with no succession strategies in place. It can and often does cause irrevocable damage.

Optimising the Business

Regardless of your end goal, your business should be primed for optimal value. This may involve improving profitability, brand development, expansion, diversification or retraction, operational improvements, technology investment, or staff development. Businesses may benefit from the services of an independent governance or succession management expert who can critically and objectively assess different facets of a business and implement improvement strategies.

Transitioning to Family Members

There are several options to consider when deciding who to transition a business to, including: family members, employees, a third party via commercial sale, or winding down the business. Transitioning to family members can add an additional degree of complication as family dynamics need to be taken into account. It should not be assumed that a family member will take over the family business – they must be keen and have the necessary skills and acumen to be able to add value. We recommend that both the business owners and any interested family members obtain independent third party advice of both a legal and financial nature. It may be worth considering using a family trust. Also, bear in mind that in reality a family succession plan can take years to implement.

Remember, succession is a journey, not an event. It can be difficult for business owners to let go of years of hard work and dedication, relinquishing their control and power to someone else. Mental preparation for succession can prove to be invaluable in achieving the best possible outcome.

*UHY Haines Norton Director **Tim Livingstone** has helped many businesses and individuals to develop and implement succession and exit plans. If you would like to learn more Tim can be contacted on (09) 839-0298 or email timl@uhyhn.co.nz.*

Taxing Matters

A summary of the latest tax changes relating to individuals and businesses.

- Inland Revenue has begun texting customers with a 31 March balance date who have missed their first provisional tax instalment that was due on 28 August 2016. They are asking customers to take action such as either making the payment, getting in touch with IRD to discuss a payment plan, or if appropriate to re-estimate their provisional tax.
- If you have made a financial donation to an [approved donee organisation](#) you may be eligible for a tax credit if the receipted donation is \$5 or more. A tax credit claim form (IR526) must be filed for the relevant tax year, and you can choose for the tax credit to be refunded or transferred to another account such as a student loan.
- IRD has published a user-friendly [factsheet](#) on understanding your personal tax summary (IR611).
- IRD has published a [guide](#) (IR375) designed for all businesses and organisations that charge GST and need information about how to do this. For businesses and organisations registered for GST, it covers filling in GST forms, avoiding penalties, and how and when GST is refunded.
- The IRD has also published a [guide](#) (IR546) designed for all businesses and organisations that charge GST and need information for more complex or less common GST issues such as adjustments, exempt supplies, zero-rated supplies, and special supplies. It is particularly relevant for those who export or import goods or are in the finance industry.
- A new, optional, system for calculating mileage is being introduced for the 2018 tax year. The two-tiered system will consist of a higher rate for the first band of km and a lower rate thereafter. Taxpayers will need to keep a logbook for three months every three years and base their business running claim on this.



Please contact us if you have questions regarding any of these tax areas.

Changes to the New Zealand Residence Programme

In response to the forecasted high demand for New Zealand Residence Visas, the Government will be bringing in changes to the New Zealand Residence Programme for the next two years.

The planning range for the two year period from 1st July 2016 to 30 June 2018 will be 85,000 – 95,000 (down from 90,000 – 100,000 for the previous years).

In order to achieve this lower range, the automatic selection mark for skilled migrants has been raised from 140 to 160 points. There will also be changes to meeting English language requirements, requiring more people to undergo formal language tests.

In addition to the changes impacting skilled migrants, the number of capped places for family members of New Zealand citizens and residents will be 2,000 per year (reduced from 5,500).

The changes will impact on prospective migrants and migrants currently working in New Zealand, as well as New Zealand employers.

The policy's purpose is to allow flexibility at times of lower demand, such as during economic downturns, while setting parameters for maximum numbers. The entire policy is currently under review to ensure it continues to provide maximum value for New Zealand.

For full details of the proposed changes [click here](#).



Dairy Farmers Under Greater Financial Pressure

While all farmers are experiencing increasing financial pressure from their banks, recent figures indicate that dairy farmers and sharemilkers are under the greatest pressure. Substantially more dairy farmers and sharemilkers than other farm types report feeling the financial strain. Sheep and beef farmers, in particular, are reported to be feeling relatively satisfied and not subject to undue bank pressure.

The Federated Farmers banking survey indicated that:

- 88.6% of dairy farmers have a mortgage worth an average of \$4.7m
- 88.1% of sharemilkers have a mortgage
- 90.8% of dairy farmers have an overdraft worth an average of \$247,000
- 97.6% of sharemilkers have an overdraft worth an average of \$153,200



The dairy price downturn is also reported to be negatively affecting over a third of all agribusinesses. MYOB's Business Monitor survey indicates that as farmers continue to struggle under financial pressure, considerable pressure has been placed on the entire rural economy. Only 25% of rural small businesses reported improved revenues in the past year, compared with the national average of 39%.

Lessons in Management: Talk to the Animals



Wyatt Sargent
& Associates Limited

Jennifer Wyatt Sargent of [Wyatt Sargent & Associates Ltd](#) describes how animals have taught her some valuable management skills.

What's the most important attribute needed to successfully manage people? Listening skills? Tact? Understanding? Good communications?

They are all important, but to my mind, a knowledge of psychology beats them all. My many years of learning came about because I have always had animals... let me tell you about some of the things I have learned – and how.

Take my Siamese cat period, when I had a lovely pair of mother and son seal points. Siamese are very dog-like and usually come when called – except on hot English summer nights when chasing moths is far more fun than coming in to bed. One night, fed up with waiting for the two of them, I started weeding by torchlight, scrabbling in the soil and under plants. Within a couple of minutes a black face appeared on either side of me with two pairs of blue eyes looking even more cross-eyed than usual in the torchlight, and two black paws darting inquisitively into the soil alongside my fingers as they tried to find out what their strange human was up to. It was a ruse that never failed – Siamese cats are notoriously inquisitive!

This is something that can be applied to people – you must engage your employees' interest and make them curious if you want them to do something they are not particularly keen on.



Horses have been a wonderful source of inspiration. There was my dear old grey schoolmaster, Granite, who taught me so much. He would jump anything in our lessons, but take him in for a jumping competition and he always refused three times at the first jump – instant elimination. Smart boy; he had learned that three refusals meant he was taken home for his dinner.

I was beside myself with frustration, but how to cure him? Then I heard of a new jumping competition to be held once a month on the other side of town. They ran a main ring with conventional jumps and conventional rules, but tucked away in a corner was a small ring of jumps where you paid 50p and you could stay in the ring until you'd finished. So each month we went to the rough-and-ready ring. Granite trotted in, the bell rang, he refused three times at the first jump and turned for the exit. Shock, horror – I put him to the jump again and again until he cleared it. On to the second jump. Three refusals – let's go home now. Again I kept him at it until he went over. We went through this performance at every jump, but we got round. It took us 25 minutes and I don't know who was the most exhausted as we hacked home. The next month we did the same thing. Again he refused three times at every jump, but there was an improvement in that he went over most of them on the fourth attempt. It took 6 months, but he did eventually learn that getting it right first time meant lots of praise and treats and about 2 minutes in the ring – a far cry from his first effort.

I am sure you can see the connection between Granite's problems and issues you come across in the workplace. As a manager you value good performance, but you must provide employees with the right incentive to achieve it and the right sort of reward and recognition for doing so.

Then there was David, a just-broken 4-year-old who was angry and lethal. He dumped me more times than I care to remember, he quite deliberately rode me into walls, he bit and would have kicked me into the next county had he ever connected. I worked desperately to maintain my position as “herd leader” and earned his grudging respect, but nothing else.

One day I turned him out with the only three other horses at the stable he would tolerate. Anti-social as always, he headed away from them then stopped to examine a bright red plastic bucket. He threw it around a few times, then picked it up. It fitted beautifully over his nose with just his eyes showing above the rim. After a couple of minutes he trotted over to one of his companions who was too busy eating grass to look up. David refused to be ignored and prodded the other horse’s neck. The reaction was all he could have wished for. The horse looked up, saw this monster with the bright red face and took off like a bat out of hell. David thought about this for a moment, then headed for the other two horses who were watching by this time. They too kicked up their heels and bucked around the field. Suddenly my aggressive, miserable horse was showing a totally unexpected side to his character – the clown.

After that I tried to find ways to make his lessons and everyday life more fun. He still had to work hard, but he was enjoying it. And when some of the other horse owners told me they knew I was coming at least two minutes before I drove into the yard because David started neighing a welcome, I realised he actually liked me. What a fantastic turnaround.

I think there are a couple of things to take from this. First, there is often a reason for an employee’s surly, grumpy and uncooperative behaviour, and, while time-consuming, it can be worthwhile finding out exactly what’s bugging him or her. Secondly, even though you want a fair day’s work for a fair day’s pay, that work can, and should, be fun.

One summer the local children played a game that involved chalking instructions on the lanes around the stable. This was no problem for the other horses, but David was convinced the signs were some sort of ancient ritual and if he stepped on them something dreadful would happen. Nothing would change his mind, so we were confined to using the fields around the farm. How to solve this one? One day I clipped a lead rope to his head collar, led him out of his box and started to walk around the yard. Every few steps I stopped and chalked something on the concrete. His reaction was predictable – more of those magic signs, don’t step on them, don’t move. I didn’t hassle him, but stepped onto the marks, stood there, walked on them, walked off. He came a few steps closer and watched carefully while I repeated the exercise then followed me over. We did this all round the yard with every horse there watching with great interest from their boxes. When I saddled David up and rode him out, I felt very confident as we approached our first chalk marks. And yes, we got over them, but not quite with the grace and aplomb I had expected – it was in reverse! We were a funny sight that summer, but as his confidence increased he started to scuttle over them sideways and, eventually forwards.

You know, change is a constant, but it doesn’t stop employees from being suspicious of a new machine or a new process. A good manager will invest the necessary time in explaining, showing and reassuring to help people accept the changes with confidence.

Animals are a wonderful source of information – if you have the time and are prepared to make the effort to learn from them. They will improve your management skills enormously.

Jennifer Wyatt Sargent can be contacted at [Wyatt Sargent & Associates Ltd.](#)

Upcoming Event

UHY Hosts Business After 5 at the Huapai Golf Club



To celebrate the success of their new branch in Kumeu, UHY Haines Norton are delighted to be hosting the West Auckland Business Club's November Business After 5 at the Huapai Golf Club.

We would love you to join us at this event. Take advantage of this beautiful setting in the rural heart of the North West to expand your business connections. Relax and have fun trying your hand at the putting competition for the chance to win some great prizes.

Date: Wednesday 16th November 2016

Time: 5:00pm – 7:00pm

Venue: Huapai Golf Club, 1261 Coatesville–Riverhead Highway, Riverhead

Registrations are essential – go to the [Auckland Tourism, Events and Economic Development page](#) for registration details.

Congratulations to the Westpac Auckland Business Awards 2016 West Winners



WESTPAC AUCKLAND BUSINESS AWARDS

CENTRAL | NORTH | SOUTH | WEST



Sponsor

It was a glittering affair at The Trusts Arena last week, celebrating West Auckland's most inspiring and successful businesses and their leaders. Hosted by Susan Wood, the black tie Gala Dinner and Awards Ceremony showcased the achievements of some of the region's finest businesses.

Our congratulations to the following businesses who were category winners on the night:

- **Thomas Civil and Environmental Consultants** – Excellence in Strategy and Planning – *proudly sponsored by UHY Haines Norton and Corban Revell*
- **Josef Rakich Fitness** – Best Emerging Business
- **Mitre 10 Mega Westgate** – Excellence in Customer Service Delivery
- **Motion Design** – Excellence in Innovation
- **Motion Design** – Excellence in International Trade
- **Black Sands Brewing Company** – Excellence in Marketing
- **McDonald's West Auckland** – Employer of the Year
- **Thomas Civil and Environmental Consultants** – Supreme Business Excellence

Congratulations to all of the finalists who were stand-outs among the many entries received for each award category.





The UHY Company Facebook Page

One year after launching the UHY Haines Norton Facebook page we're thrilled to have over 1,000 page likes.

We have been using our Facebook page regularly to share company and staff updates, photos, news items, events and industry updates.



Thank you to everyone who has already liked our page. If you haven't already, please follow us by clicking on the logo.

The UHY International Forum in Grazalema, Spain

Last month **Andrew Scott** (Associate) and **Bhavin Sanghavi** (Audit Manager) were fortunate enough to attend the UHY International Forum held in Grazalema, Spain.

Held annually, the UHY Forums are an excellent opportunity for Senior Managers from UHY practices all over the world to come together to share their knowledge and experience, and extend their management skills. This year a total of 38 delegates from 19 countries representing all of the inhabited continents attended the Forum!

Being a member of the international UHY network provides our firm with a number of benefits while still allowing us to retain our independence – it's the best of both worlds. The International Forums help us to create a sense of belonging to the global UHY network and develop a broader perspective.

The Forum's business programme focused on two key areas:

- Negotiation skills; and
- Leadership and motivational skills.

Negotiation Skills

It is widely known that management largely consists of making decisions and implementing them, and rarely is this achieved without the assistance of others who will frequently and legitimately have different points of view and interest. The seminar focused on how each individual can achieve a win-win position through collaborative negotiations.

Leadership and Motivational Skills

The main goal of this seminar was to enhance the leadership and motivational skills of the delegates. The seminar was designed to have an intellectual and emotional impact on the attendees by combining readings, discussion of great conceptual models, and personalized workshops.

In addition to the business programme, the highlight of the trip was the invaluable opportunity the Forum gave Andrew and Bhavin to develop lasting relationships with our UHY international colleagues. They had a lot of fun discussing work challenges and successes, and above all getting to know all of their colleagues.

Andrew and Bhavin were given the opportunity to present to the attendees, and were quick to point out that contrary to popular belief, New Zealand is not part of Australia! They also shared some fun facts about New Zealand. They continued on a more serious note to proudly present the history, values and vision of UHY Haines Norton. The short presentation also covered the firm's position in New Zealand, differentiating aspects of services offered, geographical coverage and other information of interest about UHY Haines Norton in Auckland.

The Forum was hosted in the beautiful historic town of Grazalema, in the province of Cadiz in Spain. This picturesque town, steeped in culture, is nestled in the foothills of the Sierra del Pinar mountain range. Together with their colleagues, Andrew and Bhavin were treated with simply stunning views from their hotel every day.

All attendees agreed that the Forum was a great success, and were very grateful for the chance to attend it.





View from the hotel in Grazelema



From left: James Astley (UK), Martin Trampus (Switzerland), Andrew, Sunny Bhatia (United Arab Emirates), Harry Howley (UK), Eric Ribachonek (US), Matthew Causer (UK), Kai Vervoort (Netherlands)



Day Trip to Rhonda



Day Trip to Rhonda



Andrew and Bhavin

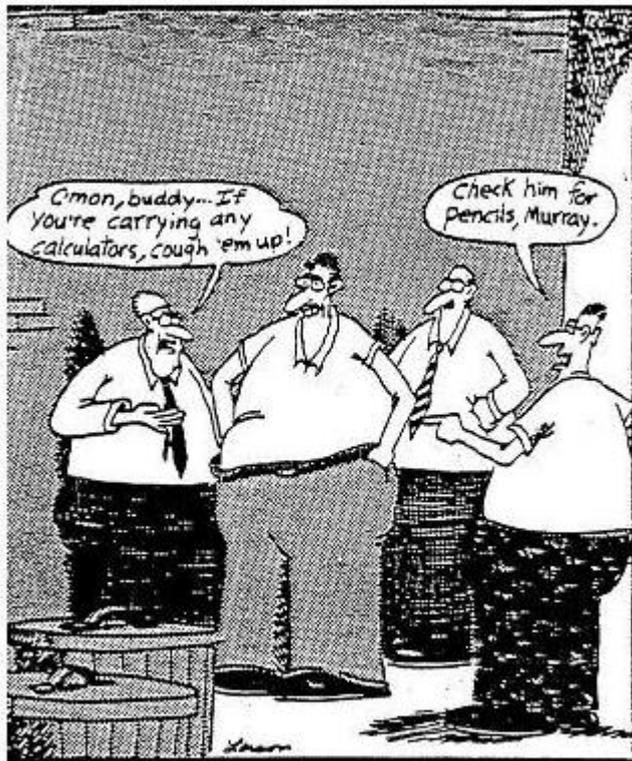
Staff News October/November 2016

We are excited to welcome on board a new Receptionist/Administrator at our Kumeu office. **Sharon Zand** (short for Zandehbizadeh – her husband is from Iran) brings with her a wealth of experience in office management in the busy social services sector. Sharon grew up in Kumeu on land that her great grandparents cleared in Fosters Road to develop an orchard, and she has raised her three children in the area. Outside of work she loves badminton, tennis, and travelling.

We have farewelled **Natasha Hirst**, our Accountancy Support in our Henderson office, who has left to spend more time with her family.

Congratulations to **Rafe Williams** who has passed his Financial Accounting and Reporting exam.

On a Lighter Note: Accounting Humour



Accountant street gangs

