

Welcome to the September edition of DAA's monthly newsletter!
As always we welcome any feedback, article requests or offerings
for the next one. Enjoy!

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CHARTERED ACCOUNTANTS

Are you prepared if IRD come knocking?

Inland Revenue audit activity and the associated costs are increasing every year due to additional resources being allocated to IRD and the focus on audit activity outcomes. We are seeing that both individuals and businesses are at risk of being selected for a random audit, investigation or review.

If your business or individual return is subjected to a random investigation or review it can prove costly in terms of legal and accounting fees. Even the simplest enquiry such as providing details about an abnormal GST refund can require hours of work. In some cases, when there are multiple years or multiple companies and trusts, thousands of dollars in accounting and legal fees can be incurred.

We have for sometime now offered a service that can help cover these costs. This service is the most comprehensive tax audit insurance available being the Audit Shield Master Policy. The Audit Shield Master Policy is fully tax deductible for businesses and self-employed providing you with peace of mind in relation to audit, enquiry, investigation and review associated costs. The features of this are:

- Our accounting fees in responding to audits, enquiries, investigations and reviews of your lodged returns, including those from previous years are covered.
- Specialist's professional fees if we need to engage a tax expert or lawyer for an

opinion or defence are covered.

We mention this now as you should have received our letter of offer for this service over the past week. It is your choice whether you decide to accept or decline the service. As with any insurance it is better to be covered in case something happens rather than not. If you did not receive this letter or if you have any questions regarding this offer please do not hesitate to contact us.



DAA's annual foosball competition has been in full swing over the past month!

A competitive Round Robin followed by some closely fought Quarter Final Matches left Kate against Belinda in semi final 1 and Casey against Rachael in semi final 2. Both matches were hotly contested with Belinda and Casey coming out the worthy victors.

Wish them both luck as they look to secure the golden trophy on October 4th and be crowned DAA's first Foosball Champion!!



DAA Prize Draw!

Congratulations to

Marc Mendonca

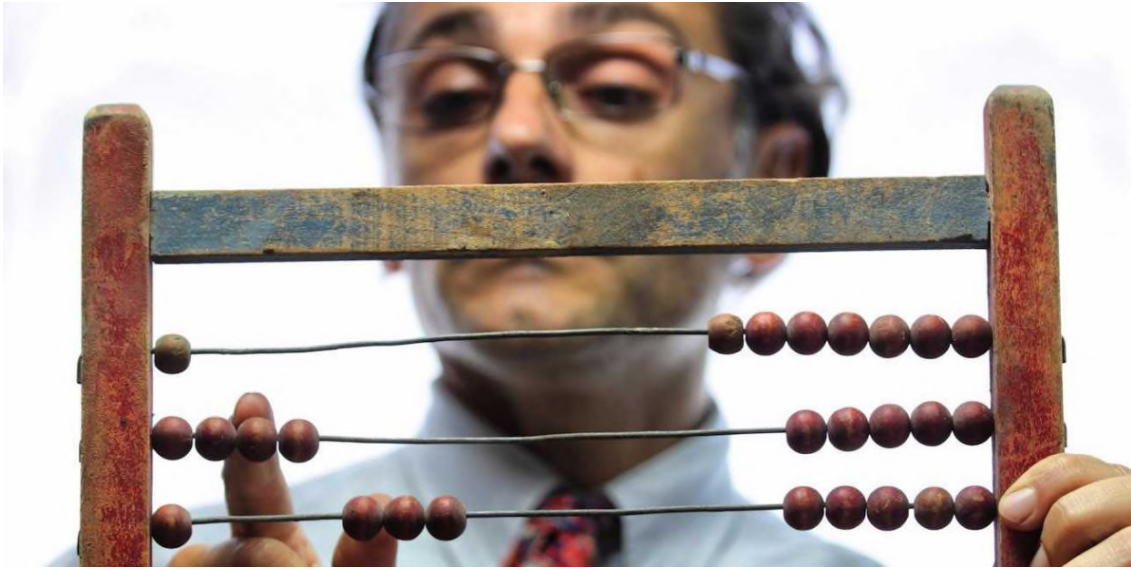
You are this month's winner of DAA's monthly wine draw!
To be in to win next month simply pay any invoice within 10 days of the date issued, it's that simple!

5 Reasons Why Businesses Stop Growing

Economic conditions do not do business owners any favours when it comes to growth. In fact medium to large businesses in New Zealand can be seen to only have growth of 2-3% a year. Let us tell you why businesses stop growing so you can give your business the best chance for future growth.

1. **No Plan For Success** – “you can’t manage what you can’t measure” – you need to be making regular reviews of that initial business plan made in the beginning stages in order to get a handle on how everything is tracking. Without this review, you might get some unwanted surprises.
2. **It Takes Money to Make Money** – the way money flows through a business can make or break an organisation. Not only is money needed to pay the bills in the lag period between providing goods and services until the time you get paid, but money is needed for the innovation, innovation to grow.
3. **Failure to Identify New Opportunities and New Markets** – If you are established in one market, what happens when things go wrong within that market? Where does that leave you, able to survive or will you be forced into business failure? Having these options means you have choices, choices that will suit what you want for your business.
4. **High Overheads from Manual Processes** – think about what you required when you started your business right up until now. We guarantee a lot more is required now, but have you made all the changes to reduced manual processes where possible? If not, it is possible you are having a lot of duplication of work which only pushes your overheads up and profits down.
5. **The Customer isn’t seen as the Top Priority** – Often businesses lose sight of what’s really important, the customer, by getting caught up in the ordinary day to day running of the business. Sometimes you can’t see this so it might even take an independent person to come in and point out where the customer is not your priority so you can make a change.

Now you know the top 5 reasons for business failure, turn them around and make them reasons why your business grows, not fails.



ACCOUNTANTS

By James Francis Nelson

Accountants are a funny bunch,

They never follow up a hunch,

Or take a chance.

Prefer the honest sweat and toil,

Labouring by midnight oil,

To reach a balance.

Add, multiply, divide, inscribe,

Scorn, reject the tendered bribe,

That is on offer.

Audit, verify, cast up the sum,

Show management how profits come,

And fill the coffer.

Dedicated men and bold,

Fairy tales will not be told,



Nor logic blind.
Integrity their strongest suit,
Take no interest in the loot,
Some others find.
Frustrated sometimes in the quest,
To find the system that is best,
For good control.
Will study, ache, exert, aspire,
Pressurise, coax, never tire,
And reach the goal.
Despised by some who strive and strain,
To demonstrate a mammoth brain,
But fail.
May falter or accept the gall,
Human beings each and all,
So frail.
Introverted, shy, loyal, kind,
Accountants must indeed be blind,
No perks.

5 Reports Critical to Business Success

1. General Ledger

This is the primary source of information as it records every transaction relating to your business, including sales, debtors, creditors, expenses and equity.

Nearly every other report you use in your business will in some way reference or rely on information from the General Ledger.

2. Profit & Loss

This report is usually run after the end of the financial year but should be run a lot more frequently so that you always know how well your business is performing.

The key to profit and loss reports is comparison and analysis of periods against one another so that changes can be identified early and any problems solved before they do damage to your overall results.

3. Sales Reports

These need to be kept up to date so that each salesperson can see their expected target, where they currently stand and what their sales forecasts are at any particular time. By combining all the individual reports into one the manager can also see the overall position of the business as well.

4. Profitability on Jobs / Projects

This is another report that needs to be looked at regularly. You don't want to get to the end of the year to find out that you have little or no profit because jobs were costing more than you thought. The earlier you find this out the sooner you can initiate cost reductions or sales price increases to ensure that sufficient profit is being made on each job.

5. Forecasting

This is effectively predicting the future income and expenses of your business which can be hard to do. If used correctly forecasting should lead to businesses being more proactive and designing solutions to ensure sales targets are met, expenses are kept to a minimum and therefore profit expectations are achieved. Again, the forecast needs to be reviewed on a regular basis to ensure your business is on track. If it's not you need to be

coming up with innovative solutions to get back on track or updating your forecast where necessary to make sure it is achievable.

The Importance of Having an Employment Agreement

As a business owner you may employ new staff members from time to time. Here are some important things you need to know;

- Both you as the employer and the new staff member need to sign an employment agreement before they start working for you.
 - Make sure you put the employee's role, employer's expectations and their rights and responsibilities in the agreement, a clear job description makes the employee's role clear and potentially reduces future misunderstandings.
 - Remember to put the 90 day trial period in the agreement. The 90 day trial period will be lost if your staff member starts working for you before the agreement is signed. It's not easy to dismiss a staff member outside the 90 day trial period even if you find out that staff member is not suitable for that job. However, an employee can't bring a personal grievance for unjustified dismissal at the end of a trial period.
 - For an employee who already works for the employer but wants to try a new role, a probationary period can be used and it is not limited to 90 days, so it could potentially be used for a longer assessment period if agreed and reasonable. But an employee can bring a personal grievance for unjustified dismissal in relation to probationary period.
 - Even though you don't have an agreement signed, minimum rights and responsibilities set out in law apply to all employees such as; 4 weeks' paid annual holiday per year, 5 days paid sick leave per annum after first 6 months with 15 days able to be carried over to a maximum of 20 days, relevant minimum wage must be paid, 11 public holidays per year, 3 days paid bereavement leave for certain family members, one day for
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other people, up to 52 weeks parental leave etc. If an employee is not satisfied and goes to the employment relationship court, you as the employer will be at a great disadvantage if you don't have a signed agreement in place. A heavy penalty is highly likely and your reputation could also be affected.

If you have staff members working for you that don't have an agreement on file, it's never too late to have one. If you don't know how to prepare a customized agreement, give us a call we can help you put one together.



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