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NZ A DIGITAL STANDOUT BUT IS YOUR BUSINESS?

New Zealand is a “standout nation” according to the latest Digital Evolution Index, released by Tufts University in Boston in July.

The report, by the university’s The Fletcher School, identifies New Zealand as among the digital elites, having high levels of digital development and a fast rate of digital evolution.

Has your business contributed to this result? One way to be up there is to use digital technology to strengthen company culture. Social media creates experiences. But more than that, it can help change and support culture in a business by:

- Allowing information to flow in many directions rather than just from the top down
- Supporting learning through knowledge networks
- Making it easier to promote the brand within the business
- Enabling real-time feedback to management
- Helping companies cope with change.

Social media apps that may help your teams network and perform better include TeamedWith, Slack, Culture Amp and Betterup.

BUSINESS CULTURE, AND HOW IT AFFECTS PROFITS

Did you know that company culture has long been linked to company performance? While a strong culture doesn’t guarantee business results, it does provide a foundation for them. Conversely, a poor culture can actually damage your business.

In this issue, we focus on some aspects of business culture that could play a part in the success of your business. Enjoy!

BUSINESS CULTURE TIED TO BUSINESS PERFORMANCE

While it’s easy to think of business culture as a bit soft compared with, say, achieving sales, in fact it’s anything but. A 2014 study reported that public companies named in a “Best Places to Work” list in 2009 outperformed the S&P 500 by 115 percent in the following five years.

The Glassdoor study suggests that a culture that engages and motivates employees helps the bottom line. But the reverse isn’t true: A company’s success isn’t enough to produce a positive culture, and companies that succeed without a positive culture are likely to see performance decline.

So if your business is performing well, great.

But if it’s doing so at the expense of employee satisfaction and happiness, chances are that your current success is unsustainable – especially in economically tougher times.

So how do you address that? Read on for four things you could look at.

Disclaimer

This publication has been carefully prepared, but it has been written in general terms only. The publication should not be relied upon to provide specific information without also obtaining appropriate professional advice after detailed examination of your particular situation.



GET THE BEST FROM YOUR YOUNGER STAFF

Company culture is often a turn-off for millennials, even though the number of millennials recently surpassed any other generational group.

According to one article, only 29 per cent of millennial employees were emotionally engaged and loving their jobs. If millennials continue to be emotionally disengaged in their jobs, think of the waste of talent – and the hit on the bottom line.

The solution is to understand what motivates each person. For example millennials are typically willing to give up a substantial amount of salary to work at a job that provides a better environment. When recruiting, market and build your culture to get the best possible applicants.

In addition, millennials prefer companies with better diversity and inclusion programmes.



GET THE BEST FROM OLDER STAFF TOO

What millennials want is one thing. But where does that leave older workers? An Australian study showed that organisational culture for older workers was particularly positive in companies led by older CEOs with positive attitudes towards older workers. In contrast, culture ratings were lower in companies led by young CEOs, and CEOs with negative attitudes about older workers.

That may sound at odds with what matters to millennials, but it's not really. The key point is that at an organisational level, an age discrimination climate has negative effects on employees' commitment and a firm's performance. On the other hand, a positive age-diversity climate is linked to higher company performance.

In other words, what's good for older employees is also a good fit with the values of your millennial staff.

Creating a discrimination-free culture (don't limit it to

age – include gender, culture, sexual orientation and other issues too) is worth the time and effort it takes. Don't rely on your gut feeling, though. Read up on the issue or, better yet, engage a specialist to help you. It'll be time and money well invested.

GET FLEXIBLE (AND GET THE BEST FROM EVERYONE!)

Did you know that flexible working conditions are becoming more and more important to, well, everyone?

A 2014 investigation into the UK job market revealed that job ads rarely mentioned flexible working options, making great opportunities effectively "invisible" to some of the sought-after top talent – talent that might have contributed strongly to company performance.

We're not just talking about working mothers here. Working fathers appreciate flexible conditions, as do high performers who want the freedom to work as they see fit, rather than be constricted by unnecessarily prescriptive work hours, for example.



DO YOUR STAFF THINK LIKE OWNERS

A key to a strong internal culture is having staff think and behave like owners. Immediately after the Twin Towers attacks on 9/11, Enterprise Rent-A-Car faced huge demand for one-way hire – even though the company had a round-trip rental policy. However, staff responded and delivered what customers wanted.

What do you think that did to Rent-A-Car's reputation? It soared like an eagle.

Give your staff the autonomy to put customers first, and your business will benefit. If you're in retail, trust staff to make quick decisions about refunding unsatisfied customers or replacing goods they didn't like. If you're in transport, devolve all but the most complex decisions to whoever has the most customer contact – and watch customer issues get sorted quickly and, mostly, effectively.

Your own time will get freed up, your customers will be happier, and so will your accountant!

GST MADE EASY

Do you hate it when GST return time rolls around? If so, you're in good company. For many business owners, the pain isn't so much having to hand money over to IRD, but having to prepare and file a return.

But that pain is easy to avoid. Here's how:

- If we complete your returns, of course everything will be done for you
- If you still file your returns manually – register for a myIR account here.
- If you are GST registered and we don't prepare your returns for you, you may need to check your bank account details. The easiest way to do this is via your myIR account.

The section inside your myIR account called "My GST" lets you:

- Pay your GST when you file your return
- Set up email or text reminders
- Propose a GST instalment plan if you can't pay in full by the due date
- Ask for amendments to previously filed returns
- Check statements, and breakdowns of transactions
- Upload files with your GST return.

Don't have GST drag you or your business down. If you struggle with any part of it, or are unsure about anything, contact us.

NZ TRUST LAW TO BE OVERHAULED

Parliamentary plastic surgery is in store for the Trustee Act, to make trust law easier to access and understand.

On 1 August, Justice Minister Amy Adams introduced the Trusts Bill to Parliament. This will be the first significant change since the introduction of the Trustee Act 1956.

The old Act has been viewed as being narrow in scope, with trust administration being complicated and expensive.

Most trusts, like family trusts, business trusts and protective trusts, are set up with a trust deed or other document, like a will. These are known as express trusts.

In the new Bill, it expressly states that trustees will have to:

- Know the terms of the trust
- Act according to the terms of the trust
- Act honestly and in good faith
- Hold trust property
- Act for the benefit of the beneficiaries or the permitted purpose

- Exercise trustee powers for a proper purpose.

Although a trustee must not use a trust for self-benefit or act where there is a conflict of interest, many trust deeds specify situations in which a trustee can act in their own interest, such as when a trustee is also a beneficiary.

The Bill does not address relationship property issues, which will be considered as part of a broader review of relationship property law, by the Law Commission.

There should also be no need to change existing family trusts, as the new Act will largely restate existing law.

A NEW PROCESS FOR DISCLOSURE

The draft Bill includes a process for disclosure of trust information. This includes the trust deed, documents relating to the property and administration of the trust, and other information holding trustees accountable. Trustees will have some flexibility with disclosure, but the Bill favours keeping beneficiaries informed.

EXCEPTIONS FOR SPECIFIED COMMERCIAL TRUSTS

If a specified commercial trust arrangement was created before the beginning of the Act, it will be exempt from some provisions. That could reduce the need to amend existing terms, like trustees keeping particular information and providing certain information to beneficiaries.

Specified commercial trusts created after the beginning of the Act will be able to modify or exclude particular provisions, like preventing beneficiaries terminating the trust by unanimous consent where that would run across financing arrangements made to protect the rights of lenders and borrowers.

THE FMCA AND TRUSTS

Particular express trusts subject to the requirements of the Financial Markets Conduct Act are not subject to some of the Bill's requirements. The FMCA is to be amended to reflect the Bill's wording with regard to various duties relating to the functions of supervisors and managers.

If you would like to discuss what a trust would entail or what your responsibilities might be as a trustee, contact us.

WHAT DOES ALL THIS MEAN FOR YOU?

Quite possibly, little or nothing. But if you've had a trust quietly ticking away in the background for some years, it could mean a lot. Our advice is to get in touch with us to discuss your trust and any possible impact. A few minutes doing this now could save a lot of pain later.

GOVT PONDERES TAXATION ERRORS CORRECTION SOLUTIONS

Revenue Minister Judith Collins recently said that correcting simple tax errors and sending that information to Inland Revenue was still largely manual and may be costing business.

Here's some good news. Inland Revenue proposes integrating PAYE into normal business activity. For example, by allowing employers to use payroll software to make corrections to returns.

Another idea is to allow employers to report the employer superannuation contribution tax (ESCT) withheld, at an employee level.

These are small but useful changes that could simplify your life. Here's another: a law change so that overpaid PAYE income that is not repaid still remains taxable as PAYE income.

Finally, if a business allows an employee to repay overpaid income, the law is about to be clarified so that this does not create a liability for FBT.

Tax law is complex and probably always will be. Small changes like these all add up, and we welcome their lightening of the load on business owners like you.



BUSINESS HEALTH CHECK

Things to do this month

- If you don't have an office intranet, you can set one up to encourage your staff to make suggestions and give feedback. It will also facilitate project work, and can store useful templates, like leave application forms. You can be as basic as a shared Google Drive folder. Or you can get as detailed as a custom-designed system on SharePoint.
- If your business has a turnover of less than \$5 million a year, IRD's new option for managing provisional tax, the Accounting Income Method (AIM), will let you regularly calculate provisional tax – and GST – through approved accounting software. Why not get ready for this, a system that will start in April, and from that month cut your compliance costs and have more time to focus on business?

KEY TAX DATES - NOVEMBER 2017

DATE	CATEGORY	DESCRIPTION
20 NOVEMBER	PAYE	Small employers return and payment Large employers return and payment
20 NOVEMBER	RWT	RWT return and payment due for deductions from dividends and deductions of \$500 or more from interest paid during October
20 NOVEMBER	NRWT / Approved Issuer Levy	Payment and return for October
28 NOVEMBER	GST	Return and payment for October

Whanganui
0800 480 062

Ohakune
0800 858 801

www.balanceonline.co.nz


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