

# FINMAN

The Xtreme Team at Finman's would like to wish you all the best for a fantastic break and we look forward to seeing you in 2019!

Our office will close on Friday 21<sup>st</sup> December 2018 and will re-open on Monday 14 January 2019.

Secret Santa, Christmas drinks and road trips are just around the corner but as business owners you have no doubt got a load to get sorted before you can relax. Take a break with a quick look at our last newsletter for the year. It's packed with top accounting tips for avoiding a financial hangover this Christmas and insights into business safety and security, so you can head into 2019 footloose and (relatively) tax free.

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# How cyber-secure are you?

Blackmail, extortion and identity theft might sound like something straight out of a blockbuster movie but cyber crime is not only a reality, it's on the rise and research shows the average Kiwi business isn't prepared.

## Is New Zealand really under threat, we're so far away!

Unfortunately 'out of sight, out of mind' doesn't apply to cyber criminals. More than a quarter of Kiwi businesses surveyed by Grant Thornton in 2017 faced a cyber-attack in the previous year, placing us eighth in the league table of 37 countries surveyed.

## What can happen if I'm attacked?

Cyber security threats, which include data breach, insider threat, cyber bullying and more, can mean facing larger financial loss from reputational damage, theft of customer details and intellectual property, and infrastructural damage.

## How much protection do I need?

It can be as simple as switching on two-step verification on your email but if you rely on sensitive data or store personal information about staff and customers, you'll need to do more. Being proactive could mean software updates, setting up logs, using cloud services (if you're not already) and securing devices.

Unfortunately, it's not a question of 'if' but 'when' your business will be attacked, so take action to protect your business. To find out the best way to keep your business safe in 2019, give us a call.



## Watch out for Spam!

With the recent increase in spam emails supposedly from the IRD, keep an eye out for the subject heading: "GST returns due in 5 days". If you get one, delete it.

# Are you in charge of keeping the office or work-site safe?

Locking the doors is one thing but you need to take extra steps to ensure your workplace is safe and secure before you head away this Christmas. The last thing you want is for someone to access your work space and hurt themselves. Take time to check every square inch of your work environment, inside and outside, so you can be rest assured nothing will go wrong while you're away.

Manage a construction site?

Here are nine questions to ask yourself before you head to the beach:

1. Is your worksite fenced off from the public?
2. Are the public protected from falling material?
3. Is clear signage present to warn people of danger?
4. Is the boundary secure?
5. Have steps been taken to prevent any unauthorised access, eg are all ladders removed or their rungs boarded so they can't be used?
6. Are excavations and openings securely covered or fenced off?
7. Is all plant immobilised to prevent unauthorised use?
8. Are bricks and materials safely stacked?
9. Are all flammable or dangerous substances locked away in secure storage places?





## Checklist: Can your business survive the holiday period?

While the Christmas/New Year period is traditionally a slow time of year for business, you still need to meet your expenses.

Ensure your bases are covered before you clock off for the year.

### 1. Plan ahead

Do a budget to figure out how much you are going to need to cover your overheads. This is especially important if it's going to be several weeks before you start earning a crust again.

A cashflow forecast will help you identify any issues before they become problems.

### 2. Get your cashflow in order

You can achieve this by:

- Prioritising jobs you can complete quickly so you can invoice clients straightaway.
- Incentivising early payment for completed work by offering a discount.
- Chasing outstanding invoices.
- Seeing if you can re-negotiate payment terms with suppliers.
- Reducing unnecessary spending.

### 3. Don't forget taxes

IRD expects GST and provisional tax payments to be made on January 15. Interest of 8.22% and late payment penalties apply if you don't.

Here's a tip: If paying both is going to hurt the bank account, prioritise paying the GST. You can utilise the services of an IRD-approved tax pooling provider such as Tax Management NZ to pay the provisional tax later. They reduce IRD interest by up to 30% and eliminate late payment penalties.

As always, we're happy to work with you so you have nothing to worry about while you enjoy your summer break.

## How to enjoy all the bells and whistles without the tax headache

Parties and gifts are all part of the festive fun but they can cost a small fortune. Here's a list of the rules around entertainment expenses so you know what's deductible and non-deductible before you fork out for your staff and customers.

1. To claim 100% of your customer gifts, keep it non-food or drink related. Book vouchers, tickets to a sports match or a personalised calendar can be claimed in full.
2. Got a staff party planned? Half your food, drink, entertainment and venue hire can be claimed in your GST and income tax returns.
3. You don't need to pay Fringe Benefit Tax on entertainment expenses (that come under the 50% deductibility rules) unless it's being enjoyed by staff outside of their work duties.
4. Heading to Aussie for a fun-filled weekend with your staff? It's 100% deductible (and they'll love you for it!).
5. If you're giving customers and staff food and wine for their efforts you can claim 50% as a business expense.
6. Donating to charity this Christmas? You can deduct 100% of the cost of entertainment you provide to members of the public for charitable purposes.
7. If you're taking your family (who don't work for you) out for brunch to thank them for putting up with your long hours... it's not deductible because it's not related to generating income for your business.
8. Taking the team out for lunch? Ordering in a Christmas feast? You can claim 50% as a business expense whether you're out of the office or on-site.
9. Top tip: If you run out of time to organise Christmas gifts for customers, why not surprise them with a 'Welcome back to work' prezzy in the New Year?

Remember to keep your invoices and receipts for business entertainment expenses and if you have any questions about what's deductible and non-deductible, give us a call.





# Holiday cashflow blues

Many businesses start to worry about their bank balance around now. The holidays looming recall unpleasant memories of last year. All the regular expenses (wages, rent, suppliers etc) are still due, but the people who pay you are either away on holiday or slow payers awaiting payment themselves.

Instead of a relaxing break the holidays can be filled with stress. The brutal facts are that December/January are the worst months for slow paying clients.

These are "holiday cashflow blues".

### The classic symptoms:

1. The staff who monitor and manage cashflow take holidays, leaving you feeling you are flying blind.
2. You don't receive expected in-bound cash but must cover regular outbound monthly payments.
3. Your overdraft isn't enough to cover all your payments but key bank staff are also unavailable to negotiate an increase.

A clear and concise cashflow strategy is so important to keep your head above water these holidays. It may also improve your business' cashflow for the whole year ahead.

### 5 helpful tips:

- Issue new invoices early. Some businesses only invoice at end of month. Instead, during Nov/Dec/Jan, try invoicing on a weekly or even daily basis.
- Offer flexible payment options, including fee funding if possible.
- Early payment discounts may be cheaper and less hassle than an "unarranged" bank overdraft or high interest credit cards.
- Call all your debtors. If no one in your business does this (or does it well), consider outsourcing to a dedicated accounts receivable specialist to improve payment speeds.
- Prepare a 3-month budget before the holidays. If it indicates a cash shortfall, talk to your suppliers and other creditors in advance. They will appreciate the communication instead of unreturned calls and avoidance behaviour.

And... enjoy the beach!



## Business Health Check

### *Do your Christmas housekeeping!*

- Chase up unpaid invoices to encourage payment before Christmas to get cashflow off to a good start for the New Year.
- Make sure your voicemail message and website mention closing date info and emergency contact details. Who's responding to work related emails while you're on holiday?
- Is payroll all set up for the holidays? Don't leave it till the last minute and double check your calculations.
- Shutting the doors over Christmas? Remember to give staff 14 days' notice.
- Back up your client and financial data on all IT systems and run any anti-virus updates.
- Feeling hectic? Make the workplace more relaxed in the lead up to Christmas by decorating the office, organising a Secret Santa, playing festive music or letting staff dress more casually in the final few days.



The Finman Team with their Annual Foodbank Shop for 2018

Merry Xmas and Happy New Year to you all.