

CHARTERED ACCOUNTANTS

# CST NEXIA

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# CST Nexia News

## Barry's Retirement

It's been an interesting and challenging road for Barry Tuck since he and two former Ernst & Young partners purchased the Manukau office of Ernst & Young in 1992, initially known as Curran Sole and Tuck and more recently CST Nexia Ltd. Barry officially resigned as a director of CST Nexia Ltd on 31 March 2009,



Barry Tuck

but will continue in an advisory role until September 2009. During this transition period Barry will continue to be involved with his existing clients whilst the new engagement partner becomes familiar with the clients. Some clients will already have been introduced to their new partner, others will do so in the coming months.

Barry is proud of the advisory role he has played in the continued development and expansion of many clients with whom he has been involved over the years, many becoming personal friends during that time.

From its inception the positioning of the firm has always been 'local', hence our slogan 'local focus global reach' with the global connection to Nexia International giving the firm the ability to tap-in to associate companies around the world. Barry was instrumental in bringing CST and Nexia together nearly 8 years ago. His role as Contact Partner for the Nexia Group will pass to Kumar Aravinda.

Barry considers this move more a 'change of focus' rather than retirement and plans to maintain his professional interests in advisory roles in both business and community groups.

We're sure everyone will join us in wishing Barry well in his retirement from CST Nexia. ■

## A Winter In Calgary

Last year when the opportunity of heading over to Calgary, Canada in January 2009 for a four months secondment came up, I decided to give it a try even though it meant going back to winter again (after just coming out from NZ's winter) but I am glad I made the decision. It was definitely a "once in a lifetime" experience.

I was placed in the NTR (Notice to Reader) group at one of the Nexia associate companies, Hudson LLP, in Calgary, which is similar to our Business Advisory Services department. Compilation

work there is similar yet quite different at the same time, but the main difference is definitely the tax system between Canada and New Zealand.

Special thanks to Deirdre and Barry for arranging everything and to the CST Nexia partners for giving me this opportunity. In the four months I managed to travel to places to which I have always wanted to go, met many different people and learnt different life lessons all of which will never be forgotten. ■

*Evelyn Chin*



Winter 2009

## Budget 2009 in Retrospect

With Bill English's first budget now well behind us, the following points may help remind us of some of the issues raised.

### *KiwiSaver mortgage diversion to be closed*

The KiwiSaver mortgage diversion facility was closed to new applicants from 1 June 2009.

Mortgage diversion is a feature of KiwiSaver that allows members to divert up to half their contributions to their mortgage repayments. In making the announcement, Minister of Revenue, Peter Dunne, commented that, "Any benefits of mortgage diversion are outweighed by its disadvantages, while not all banks offer it and only about 600 people out of more than a million KiwiSaver members have taken it up."

### *Deferred tax cuts - fact sheet*

The planned second and third tranches of tax cuts, which were due to take effect on 1 April 2010 and 1 April 2011 respectively, have been deferred to avoid further increasing debt. The Government's first round of tax cuts delivered on 1 April 2009 is not affected, leaving around \$1 billion a year in the pockets of 1.5 million New Zealand workers. These tax cuts were fully funded from other policy changes rather than through borrowing.

The Government's medium-term goal remains to align and reduce the top rate of personal tax, trust, and company tax rates at a maximum rate of 30 per cent.

Future tax cuts will be assessed to consider whether they are affordable, as part of future budget processes.

### *Other facts from Mr English's "road to recovery" Budget.*

- **\$2.9 billion** - new core Crown spending.
- **11 years** - the automatic Government contributions to the Cullen superannuation fund are forecast to be suspended for.
- **180,000** - homes built before 2000 will have access to the \$323.3 million home insulation programme over the next four years.
- **\$1,800** - maximum grant under the home insulation programme, unless you have a community services card (then it is \$3000).
- **600** - new police officers on the street by 2011, half in Counties-Manukau.
- **43%** - forecast gross debt as a percentage of GDP at its peak in 2016/7.
- **70%** - the percentage of GDP Treasury says gross debt would have risen to by 2022/3 without the measures in this Budget.
- **8%** - forecast unemployment at its peak in the third quarter of 2010.
- **\$2 billion** - the amount the Government says will be freed up over the next four years by "line-by-line" reviews of departmental spending
- **\$298.6 million** - cut over the next four years from the \$621 million funding boost for the Foreign Affairs and Trade Ministry announced in last year's Budget.
- **\$750 million** - new health spending per year. ■

You wouldn't go on a cross-country holiday without looking at a road map to work out where you are planning to stop and what sightseeing activities there are on the way. Planning the start of a business is no different. You need a plan that you have sat down and thought about and then preferably committed to writing. The business plan should consider how the business is going to operate, what the market is for the business' products or services and consider strategies for how sales are going to be made to the potential customers.

If you are planning to commence a business, we can assist you in the preparation of a specifically tailored business plan to suit your business objectives.

### *Business Plans - Some Questions to Consider*

- Why are you in business?
- What business are you in?
- Who is your market?
- Who are your customers?
- What differentiates your business?
- Do you have to improve cost control?
- What share of the market do you have?
- What is the current size of your business?
- What are your aspirations for the business?
- What is your annual growth rate?
- Are there any improvements required to customer service?
- Do there need to be productivity improvements?
- Are you happy with employees' performance and development?
- Are you happy with your own personal development and performance?
- Are quality control procedures introduced and working?

### *Analysis of the trading profit and loss performance of each business grouping within your business including:*

- your gross profit percentage
- number of sales per staff person
- average sale
- key expenses including advertising, marketing, salaries/wages and rent
- percentage of key expenses to turnover
- percentage of total expenses to turnover; and
- how does this financial performance compare with competitors? ■

## Employee Productivity

### How to maximise your employee productivity

In these challenging times it's important to make sure you are getting the best out of your staff in order to remain economically viable. Whilst everyone is different, and you cannot hope to satisfy everyone, below are some questions to ask yourself which may help to maximise your employee productivity.

#### *Do you know the people who work for you?*

Do you know a little about your staff such as their birthday, family life and their hobbies/interests? It's the small things that make a difference such as noting down birthdays, showing compassion when an employee is going through a crisis and being aware of big moments in their lives. Happy people are productive staff.

#### *How well do you communicate?*

Do staff know your company goals? Keep them up to date and you will make them feel involved and more committed to the organisation. Make sure you are as approachable as possible, listen to concerns and openly encourage new ideas and innovation.

#### *Other than money what else can you do to motivate?*

Try something new — time off and praise in the company newsletter can be inexpensive ways to reward without it breaking the bank! Promote people from within where possible and don't forget to regularly update skills through internal and external training.

#### *How do you address staff?*

While it can be difficult to get the

right mix of honesty, tactfulness and constructive criticism it is paramount to boosting your teams' productivity. Remember praise, praise, praise. People who feel unappreciated will cut back on their output. Reprimand in private and always try to explain your 'no' decisions.

#### *Do you give clear directions?*

Staff need to be pointed in the right direction without managers being 'heavy handed'. Give clear deadlines, spell out as many details as you can and once you have delegated, leave employees to get on with the task at hand while checking in from time to time.

If you would like assistance in recruiting an employee CST Nexia



Deirdre Little

offers assistance with screening, interviewing, psychometric testing and reference checking together with overall guidance in the selection process, please contact me via email: [dlittle@cstnexus.co.nz](mailto:dlittle@cstnexus.co.nz) or by telephoning 261-1392 Monday, Tuesday and Friday each week. ■

Deirdre Little  
HR Manager – CST Nexia Ltd

## Marketing Will Help You Succeed

In this day and age marketing is a multi-layered activity which can make a massive difference to your clientele, your growth and your bottom line.

You need to ask yourself some questions:

- What do you want to achieve in your business?
- What are your personal goals?
- What are your business goals?
- Have you set any goals?

These types of questions need to be answered before undertaking the task of preparing a business plan. What are your differences? What makes you unique? What are your strengths and weaknesses?

Many people consider marketing to be advertising or promotion; however, marketing is much more than that. Marketing is a number of related activities which start from producing products and services that meet people's needs, making those products and services available and letting potential customers know of the existence of the products and services. The key strategy is to concentrate

on keeping the customers and clients coming back again and again. Marketing is concerned with everything involved in the transfer of goods or services to your customers.

The aim is to provide the right product or service at the right price, at the right place with the right promotion.

The key questions to be asked include:

- What is your product or service?
- How do you determine its price?
- Who is your target demographic?
- Where and how do you sell? - Direct? Through Agents? Over the internet?
- What do you do to promote your product to your customers or potential customers?

A marketing review is a very important component of the business planning process. Factors which can be important today include branding, accessibility via the internet, perceived social responsibility and technology compatibility. ■

## Food for Thought

*The only difference between the tax man and a taxidermist is that the taxidermist leaves the skin.*

- Mark Twain

Virtually all of our dairy farming clients retain a few steer calves that are intended for home consumption. They are often kept through to about two years old before they are slaughtered and packaged up for the deep freeze.

In the intervening period they are "livestock on hand" through at least one (and sometimes two) balance dates. Because they are held to be used for beef, they are usually recorded on the end of year livestock tally sheets as beef steers.

*How should these animals be valued for taxation purposes?*

In almost every case they will be bred from a dairy cow; either

a Jersey or a Friesian. It is likely though that they will be sired by a beef breed bull (usually Hereford or Angus) or from beef breed semen.

If you use the Herd Scheme method of valuing your herd, you are entitled to use the Herd Scheme value for these animals. (Schedule 17 —Beef Cattle includes "Beef breeds and beef crosses")

If you use the National Standard Cost method of herd valuation you will have to think differently. National Standard Cost is a cost based system with totally different costs for breeding, rearing and growing an animal on a dairy farm, compared to breeding, rearing and growing an animal on a (sheep and) beef farm.

The rising one year NSC value for dairy this year is \$787.60, while the rising one year NSC value for beef is \$261.60. The rising two year NSCs are much



Dean Stevens

the same at \$142.60 for dairy and \$150.00 for beef farms.

If you use NSC as your valuation method, the few steers that are going to be used for beef, (either killed for the freezer or sold at the sale yards) should be valued using the dairy cattle NSC, because they are bred, reared and grown on a dairy farm. ■

*If you have any questions relating to this, please call Dean Stevens.*

## Nexia Natter

Accounting Manager Wei Chen welcomed baby Simon into the world on 3rd April weighing in at 3515 grams. A very proud Dad said that "baby and Mum are doing well, just a little tired!"

Three team members (Rebecca Sculpher, Shabnam Nafis and Lorraine Ward-Allen) all passed their first professional exam - PC1 on the road to becoming fully qualified Chartered Accountants. Lorraine also graduated with a Bachelor of Business (Accounting) from Manukau Technical Institute. Congratulations to everyone!

This year we have eight Intermediate Accountants sitting their final professional exam called PCE2. This is a year long course and involves attendance at Professional

Accounting School before an exam in October of this year. Modules for this are underway with Maree Gordon, Amy Jiang, May Zhang, Karen Lau, Fadi Kourkgy, Henry Lau, Cathryn Yang and Jessica Li all beginning their study early this year. We wish them all the very best.

Auditor Tony Chen recently had some success in the form of an article published in an Australian Accounting journal. This was a huge achievement for Tony and was based on work completed by him during his university years in Sydney. Everyone at CST Nexia is very proud of Tony's achievement.

Sadly we have to say goodbye to two staff members, Wayne Tukiri and Aolele Su'a Aloese, both of whom are leaving to take-up other challenges. ■

## Efficient, Effective (or Both?)

The psychologist and author Abraham Maslow once wrote, "You will either step forward into growth or you will step back into safety." Most likely at this time you will be stepping back into safety but is this what you should be doing?

In times of growth and favourable business conditions, it is very easy to take for granted that those times will continue and so you may have overlooked the necessity to be both efficient and effective.

Efficiency and effectiveness are applicable to all organisational functions including management or leadership, team building and employee performance, sales, production, innovation, and all internal processes including those in the business office.

Effectiveness in an organisation is doing the right things which leads to an adaptable environment capable of competing in the future.

Efficiency in an organisation is having the ability to be productive with minimum waste or effort. This does not mean the end product is a quality product.

An efficient organisation can produce immediate results by relying on "safety" in the words of Maslow. The facts and figures supporting the efficient production of output are safe.

The effective organisation looks beyond the facts and figures and builds a quality organisation that is prepared for future growth.

An organisation should be both efficient and effective, but if there had to be a choice made between the two... effectiveness is more important.

In short efficiency is about doing things right, whereas effectiveness is about doing the right things!

*What should you be doing?*

Now if I'm not mistaken you will be concentrating on efficiency, looking at costs, what can be reduced to maintain profit, production, sales, looking at stock levels, debtor collection and trying to make the business more efficient. What's wrong with that? Nothing BUT shouldn't you have been doing that anyway?

What you should also be doing now is making sure you are prepared for growth; you should be concerned with being "effective" by creating an adaptable environment that ensures you will have the systems, procedures, policies and people ready for any change that will occur.

The recession will not last forever and when it goes, where will you be? At the bottom rung of the ladder, or already halfway up.

There are already opportunities out there and we can help you to be both effective and efficient to get the best out of those opportunities, so give us a call.

(With thanks, to Maureen Jacobs from Marriotts Nexia Christchurch). ■