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Tips regarding business cashflow in

TOUGH TIMES

Managing cash flow during tough times is crucial for business survival. Here are some tips to help you stay on track:

Reassess Your Budget: Review and adjust your expenses to prioritise essential costs. **Negotiate with Suppliers:** Seek extended payment terms or discounts for bulk purchases. **Focus on Collections:** Follow up promptly on outstanding invoices to improve cash inflow. **Offer Incentives:** Provide discounts for early payments to encourage customers to pay sooner. **Cut Unnecessary Costs:** Identify non-essential expenses and reduce or eliminate them. **Diversify Revenue Streams:** Explore new income sources to reduce dependence on a single stream. **Optimise Inventory:** Avoid overstocking by aligning inventory levels with current demand. **Look at lease options rather than buying:** For equipment and large assets, consider leasing to conserve cash. **Utilise Technology:** Invest in tools that improve efficiency and lower operational costs. **Maintain Strong Relationships:** Communicate openly with customers, suppliers, and lenders. **Access Emergency Funds:** Consider a line of credit or small business loan as a backup. **Monitor Cash Flow Regularly:** Use financial software to track cash flow and make informed decisions. **Reevaluate Expenses:** Review and cut non-essential costs to prioritize vital operations. **Review Pricing Strategy:** Ensure pricing aligns with market demand and covers your costs. **Create a Cash Flow Forecast:** Predict future inflows and outflows for better planning. **Streamline Operations:** Identify inefficiencies

and optimise processes to save money. **Offer Payment Plans:** Allow customers to pay in instalments to encourage payments. **Prioritise Payments:** Pay essential bills first and negotiate extensions for others. **Renegotiate Leases:** Work with landlords to reduce or defer rent payments. **Expand Customer Base:** Focus on reaching new markets or demographics. **Delay Major Investments:** Postpone purchases that aren't immediately essential. **Involve Employees:** Share your financial plan and encourage cost-saving ideas. **Build Relationships with Lenders:** Establish lines of credit for emergencies. **Monitor Key Metrics:** Track profitability, liquidity, and efficiency ratios regularly. **Adopt Cloud-Based Software:** Reduce operational costs with modern tools. **Adjust Marketing Spend:** Focus on high-ROI campaigns rather than broad initiatives. **Sell Unused Assets:** Generate cash by liquidating excess equipment or inventory. **Incentivise Referrals:** Offer rewards to customers who refer others. **Diversify Payment Channels:** Accept multiple payment methods to reduce barriers. **Stay Positive and Adaptable:** Keep morale up and embrace flexible strategies. **Review and Enhance Productivity:** Encourage increased productivity. Set achievable targets and monitor.

Tough times require creativity and vigilance, but these tips can help stabilize cash flow and keep your business moving forward,

Source: Co pilot and RSM

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8 ways to have more fun at work

1 Distribute page-a-day calendars

A company in California distributes page-a-day calendars on different subjects to employees at the beginning of each year. The subjects range from cartoons to gardening tips. Since everyone's calendar is different employees share the tips, jokes, or riddles that they get each day with everyone else. Follow their lead and do something similar.

2 Decorate the workplace

Allowing employees to decorate their workspace is a great morale booster. You might like to personalise your workspace with things such as:

- Family and pet photos
- Fresh flowers
- Bright colours that you enjoy

3 Build a wall of fame

Designate a wall in the office as "The Wall of Fame". Decorate it with awards, thank-you notes from clients, news clippings of your company's successes, and so on.

4 Create a humour bulletin board

Make it a point to look for cartoons and jokes which poke fun at the circumstances that cause negativity or conflict in the office.

Start with a blank board each Monday morning. However, keep all of the old cartoons and jokes and put them together in a scrapbook. Award the scrapbook to the employee who does the most to foster good humour in the workplace.

5 Create a bucket list bulletin board

Hang up a whiteboard in a central area and write "Bucket List" in big black letters on it. Ask employees to write down an item that's on their bucket list on the board. Another type of "collaboration board" you could set up is writing a question at the top of the board and encouraging employees to write down their answer.

6 Have a "success bell"

Some companies have a "success bell" set up in an accessible space of the workplace. When someone in the office helps a client or makes a new sale, they ring a bell and everyone cheers.

7 Have Pizza and Ice Cream Socials

Be one of those offices in which reaching important goals and milestones is celebrated. One idea is to have a pizza and ice cream social each time an important goal is reached.

8 Start an Employee Picture Wall

Designate a wall of the office and fill it with employee photos. Take candid photos of employees at work and hang them up on the wall. You can also have themes. For example, one month have employees bring in photos of themselves as kids; another month, have everyone bring in a photo of themselves on vacation.



Beware the May 7 tax trap

Inland Revenue charges 10.88 percent interest on short paid tax where the year end tax figure exceeds \$60,000.

Clients often get caught when they get a surge in income.

For example, a medical practitioner might have had tax for the year ended 31 March 2024 of \$80,000. They pay provisional tax based on this figure, increased by 5 percent – \$84,000. But they became a partner during the year and they now get partnership income as well as their normal income.

Let's suppose the total tax for the year ending 31 March 2025 comes out at \$124,000. There's a \$40,000 shortfall (\$124,000-\$84,000) and this is subject to Use Of Money Interest charged at 10.88 percent.

Assuming the shortfall of tax is paid six months after 7 May 2025 the interest charge works out as follows: 10.88 percent on \$40,000 for six months = \$2176.

By the way, this extra \$2176 is tax-deductible (because it's interest) so don't forget to claim this when you put in your tax return.

If your accounts cannot be done by 7 May 2025, you could guess your income for the year and top up the third instalment of provisional tax. In the example above,

You would usually pay \$28,000 at 7 May 2025 but you could avoid the interest charge if you increased this to \$68,000.

Obviously, most people won't know how much to guess, but a best guess is probably going to be cheaper than doing nothing at all.

We love AI, but...

Artificial Intelligence (AI) tools like ChatGPT, Copilot, and others have changed the way we work, providing efficiency and convenience in a variety of tasks.

When it comes to sensitive matters such as drafting disciplinary letters, relying on AI systems can be a risky move.

We've recently encountered instances where AI-generated disciplinary letters included serious inaccuracies. From referencing non-existent policies, and including irrelevant circumstances, to completely misrepresenting facts.

WHY AI ISN'T IDEAL FOR DISCIPLINARY MATTERS

● Lack of Contextual Understanding:

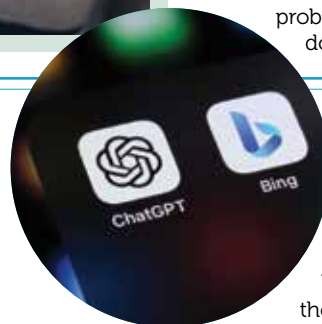
AI systems lack the nuanced understanding required to address the complexities of workplace incidents. They process data but cannot fully grasp the specific dynamics of your business, policies, or the context surrounding a disciplinary issue.

● Risk of Factual Inaccuracy:

AI tools often rely on generic or outdated information and can fabricate references, policies, or scenarios that don't exist. Including these in a formal document undermines its credibility.

● Legal and Ethical Implications:

Disciplinary processes are prescriptive



and require a sound understanding of the required process and employment law. The last thing any employer needs is a personal grievance because the process has not been well managed, or the substance is questionable.

Getting it right is important for the success of your business, when you need to handle disciplinary letters or processes, it's critical to rely on expertise and human judgment.

AI has its place, but when it comes to something as important as disciplinary matters, don't take risks – they will cost you. Call the team to ensure your risk is mitigated and you are in safe hands.

www.knowhow.co.nz

Minimum wage increase effective 1 April 2025

As of 1 April 2025, the minimum wage will increase to \$23.50 gross per hour, an increase of \$0.35 from the current rate of \$23.15.

The starting-out and training minimum wage will also increase up to \$18.80 per hour, an increase of \$0.28 from the current rate of \$18.52.

If you have any queries as to how the minimum wage increase will affect your business contact us.

Proposed changes to the employment relations act

New Income Threshold for Unjustified Dismissal Claims: The introduction of a new income threshold for unjustified dismissal claims. Employees earning more than \$180,000 NZD gross per annum will not be able to pursue unjustified dismissal claims. This threshold will be adjusted annually to reflect changes in average weekly earnings. It is important to note that this threshold would only apply to unjustified dismissal claims and not to other types of personal grievances.



Government small business cashflow (SBC) loans (Covid era)

The loans were introduced in May 2020 and more than 129,000 were issued with loans totaling \$2.4 billion.

Inland Revenue said most loans were taken out in the first few months of the scheme and people had five years to repay the loan.

"Many will reach their cut-off point from June this year."

From June, Inland Revenue will default a loan if it is not paid off, and default interest of 10.88% plus a standard interest rate of 3% would be charged.

Inland Revenue's website said for people who default: "You need to repay your entire loan immediately if you default and we demand full payment."

It said customers behind on payments would be notified and reminded of repayment obligations.

Please talk to us about restructuring / Re-Financing options.

Bitcoin profits taxable

Just a reminder – if you make a profit out of investing in a crypto currency, that profit is taxable income. Inland Revenue's rationale is that the only reason you could possibly have for investing in a crypto currency

is to make a profit. There's generally no other form of income. Unlike a rental property, you don't get a combination of income and capital gain.

However, some crypto currencies are paying a return on crypto held in the form of more crypto. In those cases there is an argument that it is purchased for that purpose not sale.



KEEP A CLOSE EYE ON WHO OWES YOU

In tough times, stay on top of your debts.

Kee a close watch on your debtors ledger. Prevention is better than cure Don't offer credit unless it's absolutely necessary. If you do, make sure you check out new customers thoroughly:

- ask for references and get their permission to follow up
- request the business's financial statements
- check public records for any legal judgements against them
- look up their website and read customer reviews online.

If issues arise

Keep detailed records of every follow-up – date, time, and what the customer promised.

When speaking with a customer, get a firm

commitment, even if it's to

pay in instalments, and get specific dates and amounts.

Remind them of their promises each time: "On [date], you said ... On [another date], you said. . ."

If they still don't pay, send a formal demand letter outlining the amount owed, a deadline for payment, and the consequences of not paying. Depending on the amount owed, consider hiring a lawyer or a debt collection agency.

Tip

If a business is going broke, those who have the best chance of being paid are the ones who are the quickest and most persistent.

Beware – increase in text message scams (smishing)

We've noticed a recent increase in text message scams (also known as smishing) targeting people across New Zealand. These messages often pretend to be from trusted organisations, such as banks, courier services, or government agencies, and try to trick you into clicking a link or providing personal information.

What to Look Out For:

- Unexpected texts claiming you owe money, have won a prize, job offers, or confirmation of address for parcel delivery.
- Messages with urgent language like "Your account will be locked" or "Click here now to avoid penalties."
- Links that don't look right, often containing random letters, numbers, or slight misspellings of real websites.
- Unknown senders or messages that seem out of place, even if they look like they're from a familiar company.

What You Should Do:

- Do not click on any links in suspicious messages.
- Do not reply to the sender – this can



confirm your number is active and lead to more scams.

- Block the sender to prevent further messages.
- Report it! You can forward the scam text to 7726 (SPAM) free of charge, which helps the Department of Internal Affairs (DIA) track and take action against these scams.

Share This Advice

These scams can affect anyone, so please share this with friends and whānau to help keep them safe. The more people who report these messages, the harder it is for scammers to succeed. If you have any concerns or accidentally clicked on a suspicious link, please contact the IT team immediately.

Source: www.svbgroup.co.nz



Essential Questions to Ask Yourself Before a MAJOR PURCHASE

Major purchases can be thrilling but also daunting.

In our consumer-driven world, it's incredibly easy to succumb to the allure of instant gratification. You might have your eyes on the latest smartphone, a luxurious vacation, or a shiny new car, the temptation to splurge is ever-present. However, before you succumb to the siren song of instant gratification, it's crucial to take a step back and critically evaluate the potential purchase.

Impulsive spending can quickly derail even the most well-intentioned financial plans. It can lead to a cycle of debt, stress, and ultimately, feelings of regret. By taking the time to carefully consider your options and ask yourself the right questions, you can make informed decisions that align with your financial goals and enhance your overall well-being.

Thoughtful preparation ensures you make decisions that support your financial health and personal happiness.

Let's dive into the questions that should guide every significant spending decision.

Does This Purchase Align with My Aspirations?

Every major purchase should serve a purpose in your broader financial picture.

- Could you be prioritising short-term

enjoyment over long-term financial freedom?

- What are your short-, mid-, and long-term life aspirations? Are you saving for a down payment on a house, buying a business, planning for retirement, funding your children's education, or hoping to travel the world? If a significant purchase detracts from these goals, it may be worth postponing or rethinking. For example, splurging on the latest smartphone every year could set back your plans to invest in a property or pay off debt.

Your financial future depends on balancing present desires with tomorrow's aspirations. Think of this decision as a piece in your overall wealth-building puzzle.

Honest self-assessment and reflection at this stage can prevent you from making impulsive decisions that may have long-term negative consequences.

To help answer this question you might try support with:

- A discussion with a trusted friend, mentor, or family member.
- A financial adviser

Because in the end, it's not about owning more — it's about owning the right things, at the right time, for the right reasons. Now that's a purchase worth making.

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Changes in Particulars

Please remember to let us know of any changes in:

- Physical address • E-mail address • Phone and/or fax numbers
- Shareholdings • Directorships • Trustees

Or anything else that may be relevant.

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Tax calendar

7 April 2025

Terminal tax for 2024 (March, April, May balance dates). For all clients except those who have lost their extension of time privilege.

7 May 2025

Third instalment of 2025 Provisional Tax (March balance date).

28 May 2025

First instalment 2026 Provisional Tax (December balance date).

31 May 2025

Deadline for Fringe Benefits Tax returns.