



NAYLOR LAWRENCE & ASSOCIATES
 CHARTERED ACCOUNTANTS ■ BUSINESS ADVISORS

The Bulletin



September 2009

An informative update from your business advisors

NAYLOR LAWRENCE & ASSOCIATES
 CHARTERED ACCOUNTANTS ■ BUSINESS ADVISORS

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With us well into the second half of the year, we thought it would be a good time to remind you that, if you have any outstanding queries or urgent matters you need to go through with your accountant, now would be the time to get in contact. Christmas is only 86 days away! We will give you details of our Christmas closure times in the next edition. And how about those Turbo's? What a great effort. Make sure you support them at their final 2 home games for the year. Visit ManawatuRugby.co.nz for exact dates.

GO TURBOS!!



Cashflow Is KING!

Many businesses are finding conditions very difficult at present. Not because they are unable to make a sale, but because they are experiencing severe cashflow problems. Some commentators are forecasting that around 12% of small businesses are at risk of failing because of poor cashflow control. If you are giving credit to customers, now is a good time to fully review your credit management systems (if you haven't done so already). One of the best systems you can introduce is to prepare a short term cashflow forecast each week, whereby you analyse your anticipated cashflow performance over the next 4-5 weeks. If this analysis indicates that you are going to have a problem, then now is the time to rectify the situation by contacting debtors and trying to ensure that payments are made, having discussions with suppliers to slow down payments or presenting a case to your bank for temporary overdraft facility. Many businesses are considering alternative methods of getting payment including establishing direct debit facility, confirming payment terms to all customers and then being proactive on the due date for payment. If a customer has not paid, contact them immediately to encourage prompt payment. If you would like more information to assist you in the short-term management of your cashflow position or any other advise on cashflow management, please contact us.

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CONGRATULATIONS TO:

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.



Linda Gray, recently presented with a NZICA Fellowship award that are conferred on members of the Institute who have demonstrated outstanding service to accounting profession, or to the community. Linda is one of only two recipients in the Manawatu Region this year. It was presented at the NZICA presidential dinner in August.



Rosemary Hopcroft, was recently made a Chartered Life Underwriter (CLU). CLU is a professional designation internationally recognized as one of the most credible credentials for insurance advisers. Rosemary now holds both CFP (Certified Financial Planner) and CLU qualifications making her one of only 29 people in NZ currently who hold both these. Of this total only 5 are woman. (As at May 2009)

Now showing at Centrepoint Theatre



Fines and Penalties - are they tax deductible?

It is a common occurrence for businesses to pay fines. Many businesses view fines as a part of doing business, BUT are these fines tax deductible for tax purposes.

Consider the following scenarios:

- A courier driver receives a speeding ticket while delivering a parcel
- A car dealer advertises his business by parking cars on the road-front and receives a parking ticket
- A TV broadcaster investigating a crime gets fined for not providing the police with the name of an informant in respect of the crime

Should any of these fines/penalties be tax deductible?

The IRD 's view is that fines & penalties, even if incurred to derive income are not deductible, irrespective of whether:

- The infringement for which the fine or penalty is imposed forms part of criminal proceedings
- The fine is imposed by a court or another body
- The fine is imposed on the taxpayer, it's employees or 3rd party contractors
- The taxpayer intended to break the law or
- The fine is imposed in respect of a strict liability offence

Most fines & penalties will be non-deductible on 'public policy' grounds. Public policy is based on the premise that the law should serve the public interest and that it is not in the public's best interest to allow a deduction for an expense, which in reality is a consequence for wrong-doing.

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Survival in Difficult Times

Many business operators have already taken steps to ensure that their businesses will survive these difficult times.

Suggestions on implementing planning for survival in difficult times include:

- Review costs: Can any business cost be reduced or eliminated?
- Review labour productivity: Talk to your team members and see if agreement can be reached on improving productivity
- Review management of cashflow: Including checking applications from new credit customers to ensure that you are not inheriting someone else's problem account. Are you receiving Directors' guarantees?
- Ensure follow up of customers from the due date to ensure prompt payment, answer customer queries, so that you can resolve them as soon as possible
- Ensure tax invoices are prepared in accordance with the customers requirements and sent promptly
- Monitor debtors' aged analysis on a weekly basis
- Ensure any payment arrangements made with a customer are confirmed in writing including details of key dates that the customer has indicated payments will be made. Follow up with the customer to ensure that payments are made by the due dates
- Prompt referral of problem debtors to a debt collection agency
- If you are an importer or exporter, should you consider locking in currency contracts?
- Review cost controls throughout the organization on a monthly basis
- Contact suppliers and try to negotiate improved payment terms
- Prepare monthly financial accounts, review KPIs with managers and team members
- Review marketing expenditure: If the expenditure is directly related to current sales, it is probably worth continuing. If not, consider curtailing some expenditure until market conditions return to normal
- Monitor stock holdings: Can stock be reduced?
- Monitor stock turns: Will relocating stock within the store, or running special promotions, help move stock?
- Monitor work in progress: Are jobs being completed and invoiced as fast as possible?

EFFICIENT WAYS OF DELIVERING YOUR
COMPUTERISED CASHBOOK TO NLA:

- * EMAIL (1ST PREFERENCE)
- * CD
- * MEMORY STICK

"PLEASE DO NOT USE FLOPPY DISKS"

Next Home Game:
Turbos VS Northland
20 September 2009 2.35pm kickoff

The information contained in the Bulletin is of a general nature and should be used as a guide only. It is recommended to clients that before acting upon this information they consult a Senior Representative of Naylor Lawrence and Associates Limited.

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