

Insights and advice from GECA Chartered Accountants, your trusted business adviser. Call us on 523 7777.



### Cashflow

Managing cash flow is core to the long-term success and viability of every business, both big and small and can be even more of an issue at this time of the year when many businesses close down for an extended Christmas break. Here are a few key tips to help manage your cash flow:

#### Manage your debtors

- It is important to really know your customer. Before you provide credit terms, check that you have all of their information. If the deal is big enough, run a credit check on the potential customer.
- Set and agree your credit terms clearly up-front. Ensure your customer knows exactly when payment is due and to whom, and that invoices clearly show your terms and your banking details. Feel free to offer terms that work for both you and your customer but try to keep them under 14 days.
- Invest in technology such as online payment. Getting cash on-site rather than issuing an invoice and waiting for payment can really speed up your cash flow.
- Offer to spread their payments over time. This may not work for everyone, but for some customers it could make the difference between paying and not paying. Avoid offering to spread this over a long period – you are not a bank!
- If customers do default, chase the debt early, not later. It pays to develop a positive relationship with your customer to help with this. If you are struggling to receive a payment, consider hiring a debt collection agency. Just ensure you choose an agency that you are comfortable acting as an extension of your business.

#### Manage your creditors

- It's important to build good relationships with your suppliers. Ensure you make payments on time whenever possible so if you do have a period of cash shortfall, they are more likely to extend your credit terms.
- If you do hit a rough patch, don't be afraid to ask for extended terms or to spread your payments over time.

#### Manage your stock

- Review what is selling and what isn't. Cut the slow moving products and sell them as quickly as possible, as holding stock just locks your cash away.

Do a cash flow forecast at the start of each year, and update it every quarter. Consider different scenarios – what would happen if your biggest customer didn't pay? Or if your average payment terms increased? Regularly update it and track your progress to avoid surprises. Reconcile your bank account daily to check payments coming in and out. Good accounting software such as Xero should provide daily bank feeds that are coded automatically so you are always aware of your cash balance. There are many ways to ensure your business cash flow stays healthy, but most of it comes down to good communication with your customers, suppliers and banks.

### Employee pay and the holiday period

Christmas will soon be upon us again and, with it, all the usual questions and lingering doubts about rules governing leave entitlements, holiday pay, close down periods and other similarly exhilarating stuff! So, just because we all love it so dearly, here are a few notes that some may find helpful!

#### Public Holidays over Christmas:

- All employees are entitled to a paid day off on a public holiday **if it would otherwise be a working day**. There are 4 public holidays around the Christmas period as follows: Christmas Day (25 December), Boxing Day (26 December), New Year's Day and the day after (01 and 02 January).
- This year the public holidays fall on a Wednesday and Thursday. Therefore anyone who would normally work on Wednesday and / or Thursday would be entitled to observe the Public Holiday and get paid for those days just as if they had attended work normally.
- If they are asked to attend work on any of these days they would be entitled to be paid time and a half for any hours worked PLUS they get an additional day off in lieu (previously referred to as an 'Alt Day'). Note that this would be a **full day off** in lieu irrespective of how many hours they had to work.
- Anyone, instead, who does not normally work on one or both of those days of the week would have no entitlement for the day that would not normally be a working day for them. If they are asked to work on a public holiday which falls on a day of the week that they do not normally work then they would still be entitled to be paid at time and a half for any hours worked but they do not get a day off in lieu.

Closedown period: what do I have to be aware of? A 'closedown' happens when a business *customarily* shuts down all or part of its operation for a specified period, for example over

### Payment Reminders

**Dec 20:** PAYE returns and payments are due for the month of November 2013 (for "small employers"), withholding tax returns and payments are due for the month of November 2013.

**Jan 15:** GST returns and payments are due for the period ended 30 November, second instalment of 2014 provisional tax due for March balance date taxpayers.

**Jan 20:** PAYE returns and payments are due for the month of December 2013 (for "small employers"), FBT returns and payment are due for the quarter ended 31 December, withholding tax returns and payments are due for the month of December 2013.

**Jan 28:** GST returns and payments are due for the period ended 31 December

### Backups

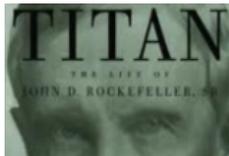
We all backup our data - or at least we should be! However, have you considered how secure your backup data is? With many offices closing over the Christmas period, its important that your backup files are stored somewhere secure and that it is offsite. One option is to use a cloud based back up that saves your files to a cloud based server. However, if you prefer to use a storage device such as external hard drive, make sure it is stored at your home or in a secure location over the Christmas break. Whilst hardware such as laptops are covered by insurance in the event of a burglary, losing your data is irrecoverable and can have an enormous impact on the business - sometimes even terminal!



### Making friends

We are committed to helping our wonderful clients achieve their business and personal goals, while providing our services within a friendly, approachable and caring environment.

We value your relationship and we value your recommendations, so tell your friends to either [email us](#) or call us to discuss how we can help them in their business and we will reward you with our generous referral system - [click here](#) to ask us more on how this works!



### Holiday reading

One of the great things about the Christmas break is a chance to catch up on some reading. A great read for those long summer days is Titan: A biography of John Rockefeller by Ron Chernow.

Not only is this book a great read about America's richest man, at 800 pages+ it may be the only book you need for summer.



### Opening Hours

The GECA offices will be closed from midday, Friday 20 Dec and reopening on Monday, 13 Jan 2014. For any urgent issues requiring immediate attention, please email [Giles](#) or call him on 021 2010 316.

We wish all our valued clients, friends and associates a very Merry Christmas and a prosperous New Year.

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