

"The secret to getting ahead is getting started."
– Mark Twain

STRESS & PRESSURE

How are they different?

While stress and pressure are related concepts and often used interchangeably, they refer to different aspects of experience and can have distinct effects on an individual. Here are the key differences between stress and pressure:

DEFINITION:

Stress: Stress is a physiological and psychological response to a perceived threat or challenge. It is the body's reaction to any demand or change that requires adjustment.

Pressure: Pressure is the external force or demands placed on an individual. It can come from various sources such as work, deadlines, expectations, or responsibilities.

SOURCE:

Stress: Stress can arise from internal factors (such as personal expectations, fears, or worries) or external factors (such as work demands, relationship issues, or financial problems).

Pressure: Pressure is typically external and results from expectations or demands imposed by the environment, society, or specific situations.

RESPONSE:

Stress: It is the body's response to the perception of a threat, and it can manifest as emotional, physical, or behavioural symptoms.

Pressure: Pressure is

the external force or expectation, and individuals may feel pressure to perform, meet deadlines, or fulfil expectations.

DURATION:

Stress: It can be a temporary response to a specific situation, or it can become chronic if the perceived threats persist over an extended period.

Pressure: Pressure is often associated with specific tasks, events, or responsibilities and may be time-limited.

PERCEPTION:

Stress: It is a subjective experience, and what is stressful for one person may not be stressful for another. It depends on individual perceptions and coping mechanisms.

Pressure: While pressure is external, how individuals perceive and respond to it can vary. Some individuals may thrive under pressure, while others may find it overwhelming.

CONSEQUENCES:

Stress: Chronic stress can have negative effects on physical and mental health, leading to issues such as anxiety, depression, or physical health problems.

Pressure: While pressure can motivate individuals to perform well, excessive or prolonged pressure without adequate coping mechanisms can contribute to stress and its associated negative consequences.

Remember, stress is a response, while pressure is an external force or demand. Pressure can contribute to stress, but not all pressure leads to stress, as individuals may respond to pressure in different ways based on their perceptions and coping skills.

Source: www.thementalfitnesscompany.com

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1 Offer competitive compensation and benefits

Ensure that your employees are compensated fairly and receive attractive benefits packages. Conduct regular market research to stay informed about industry standards and adjust your offerings accordingly. Providing perks like flexible work arrangements, healthcare coverage, and professional development opportunities can enhance employee satisfaction and loyalty.

2 Create a positive work culture

Foster a supportive and inclusive work environment where employees feel valued and respected. Encourage open communication, provide constructive feedback, and recognise and reward exceptional performance. Promote work-life balance and prioritise employee well-being. A positive culture can significantly contribute to employee engagement and retention.

3 Career development and growth opportunities

Establish [clear career paths](#) and provide growth opportunities within the organisation. Offer training programs, mentorship opportunities, and support employees' professional development goals. Regularly review employees' performance, provide feedback, and identify

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EMPLOYEE RETENTION STRATEGIES

in a competitive market

Retaining top talent in a competitive market requires a strategic and proactive approach. Here are eight employee retention strategies you can employ to keep employees engaged and happy.

areas for growth. Employees who see a future and potential for advancement are more likely to stay with the company.

4 Enhance work-life balance

Promote work-life balance by implementing policies that support flexible work arrangements, such as remote work options, flexible scheduling, or compressed work weeks. Encourage employees to take holidays and time off to recharge. Supporting work-life balance demonstrates your commitment to employee well-being and can help retain top talent.

5 Recognise and reward outstanding performance

Implement a recognition and rewards program to

acknowledge and appreciate employees' achievements. Recognise outstanding contributions publicly, offer monetary rewards, gifts, or prizes, or provide non-monetary incentives like additional time off, special projects, or professional development opportunities. Feeling valued and appreciated boosts employee morale and encourages them to stay.

6 Foster a sense of purpose

Communicate your organisation's mission, vision, and values clearly, and ensure employees understand how their work contributes to the overall objectives. Align their individual goals with the company's goals to create a sense of purpose and fulfilment. Engaged employees

who connect with the organisation's purpose are more likely to remain loyal.

7 Conduct 'stay' interviews and act on feedback

Regularly conduct stay interviews to understand employees' motivations, concerns, and aspirations. Create an environment that enables [open and honest conversations](#) about their experiences, job satisfaction, and areas for improvement. Use the feedback received to make meaningful changes that address concerns and enhance employee retention.

8 Provide leadership and growth opportunities

Invest in leadership development programs to cultivate future leaders within the organisation. Provide opportunities for employees to take on new challenges, lead projects, or mentor others. When employees feel empowered and see a clear path for growth, they are more likely to stay and contribute to the organisation's success.

Remember, each employee is unique, so it's essential to personalise your approach and consider their individual needs and aspirations. Regularly reassess and adapt your employee retention strategies to ensure you remain competitive in the market and retain your top talent.

www.eclipserecruitment.co.nz

Tax changes loom for rental income

Changes are coming for tax on rental income.

RESIDENTIAL RENTAL

For the year ending 31 March 2024 the interest deduction allowed for those who owned properties on 27 March 2021 will be reduced to 50%. The government had indicated they will keep the rule for the 2024 Tax Year then increase the deductions to 80% in the year to March 2025 and 100% in the year to March 2026.

Presumably, there will be no more need for the proposed build-to-rent exclusion for those building 20 or more dwellings on one or adjoining sites.

We would hope that anyone who has bought a property since 27 March 2021 or buys between now and when the government changes the law will be able to claim interest again. We will have to wait to see what the rules are going to be.

COMMERCIAL RENTAL

The depreciation deduction, which is

allowed on commercial buildings but not residential, is going to be withdrawn from 1 April 2024.

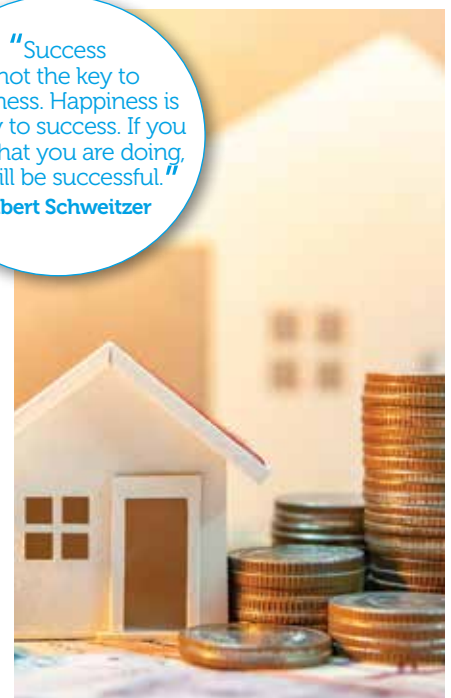
BRIGHT LINE

Residential property sold within 10 years (in some cases five years) of purchase is subject to the Bright Line Test. This means the profit made forms part of taxable income. The government has announced the time limit for holding property to avoid the profit on sale becoming taxable is going to be reduced to two years from 1 July 2024. This has retrospective effect such that any property purchased two years or more prior to this date will automatically be outside the bright line period.

Reminder: The profit made on property bought with the intention of selling for a profit is still taxable income and always has been.

Purchasing a rental property for the purpose of ongoing rental income, with the knowledge you will get a capital gain in the long run, is not considered purchase with the intention of selling for a profit. We all know property goes up in value over time.

"Success is not the key to happiness. Happiness is the key to success. If you love what you are doing, you will be successful."
– Albert Schweitzer



Family trust shareholder – pay dividends now?

If your company shares are owned by your family trust, consider paying the maximum possible dividend before 31 March 2024. The income tax rate in the family trust will probably be increasing to 39% from 1 April 2024. Therefore, any dividend declared from that date onwards is going to incur an extra six cents in the dollar of tax. The law has not yet been passed, however the IRD recently released guidelines on what might constitute tax avoidance in terms of the trust rate moving to 39% so it would seem it is likely to happen.

Family trusts and children who grow up

The maximum amount you can distribute from a family trust to a child who is under the age of 16 on the trust balance date is \$1,000 to still have this taxed at the child's personal tax rate.

If you distribute just one dollar more, the tax rate becomes the same as for the trust.

It's easy for us, with our busy business lives, to not notice when a child goes over the age of 16. Instead of paying 39% tax on the trust income, it could be handy to allocate some of its income to the youngster, perhaps to help with tertiary education. Once the age of 16 has been reached, the amount you can allocate to a young person is no longer limited.

GST registration for part-time business

You do not have the right to continue to be registered for GST if your business is not being carried on continuously or regularly. Sometimes clients either take a salaried job, operating their business part-time, or drift into semi-retirement. They need to look at the amount of work they do to see whether they still comply with the "continuously or regularly" criteria. If they don't, they need to deregister for GST and pay GST on the market value of any assets they retain.

Loans to your company

If you borrow money for your company, you should make sure it is the company that signs up for the loan. If the money is lent to you and just put in the company, then the interest is not tax deductible. It is possible to get around the problem, but to do so adds to your costs. There's also the risk of Inland Revenue not agreeing with what you might do.



BUSINESS VALUATION

– What is your business worth?

A guide to better understand how our business valuation service shows the true value of your business.

How much of your wealth is tied up in your business?

When you have most of your financial 'eggs' in one basket, it is a good idea to watch that basket! Successful business owners check the value of their business every year, as part of their wealth creation and succession plan.

Periodic indicative valuations of the business allow for a way to measure the impact of:

- consolidating strengths;
- fixing weaknesses;
- opportunities taken;
- and the minimizing of threats executed.

This allows for realistic expectations between a perceived current business value and the target business value commonly known as the business value gap. The game is to reduce the gap!

If you have never had a business valuation done or have no idea what your business is worth, it's a common occurrence that many business owners talk to us about.

It's also why we decided to put together this simple, easy to understand article.

We know from our experience that valuing businesses is a specialist area which requires industry knowledge, benchmarking and understanding the true risk and value drivers within a business.

We aim to provide some better understanding on what, how and when of business valuation. Plus, we'll give you some tips and simple ways to make your business more valuable as well.

What is a Business Valuation?

A business valuation is a process whereby a set of methods are used to determine the economic value (quantitative and qualitative) of a whole

business or company unit. This ascertains a value at which company shares (equity), or business enterprise (stock, plant & equipment, intangibles) can be bought or sold.

Understanding the Difference between Share Value and Business Enterprise Value

How do you value a business?

We lift the hood and look at what the risk and return within the business looks like to make an assessment.

Typically, as a starting point we get a good understanding by asking key questions, reviewing documentation and obtaining financial statements of a relevant period e.g., the last three years.

Once we understand the risk and value drivers within the business, and its relationship with the current industry and economic climate, we can ascertain which approach and methodology is best suited.

There are different valuation approaches and methodologies for consideration:

- Asset Based – Current value of all assets less all liabilities.
- Earnings Based – Traditionally the most frequently chosen to value SME's
- Market Based – Industry comparable data

Earnings based valuation method is the most popular method to use. In this, we use:

- WANEBIT – Weighted Average Notional Earnings Before Interest and Tax
- Capitalisation Rates - Business Cap Rate/ Profit Multiple – A patented and scientific business value assessment algorithm which caps the value of the business based on its after-tax cash flow and risk profile.

Good growth, stability and return on investment (ROI) will mean stronger value, however if there are glaring cracks internally and externally, the valuation will reflect this. Most business buyers aren't looking for a risky purchase. They want something reliable and robust.

Source: www.rsmnz.co.nz

Advice from a tree

Stand tall and be proud.
Go out on a limb.
Reach for the sky.
Adapt to change.

Branch out.
Stay grounded.
Remember your roots.
Drink plenty of water.

Get rid of dead wood.
Be confident.
Never stop growing.
Bend before you break.

Turn over a new leaf.
Enjoy the view.
Source: www.thementalfitnesscompany.com

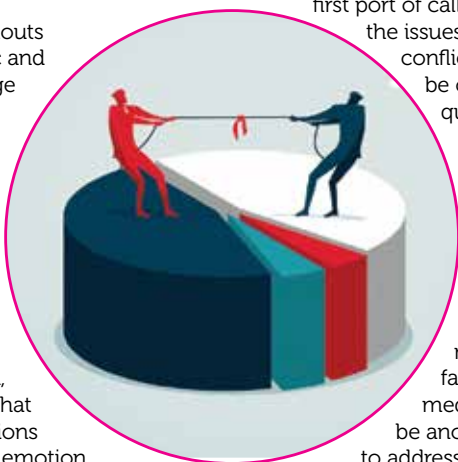


Shareholder fallouts

Much like a relationship, when venturing into business with others, you place trust in your fellow shareholders. When this trust is breached, or broken, the effects can be significant.

Shareholder fallouts can become toxic and cause a wide range of issues within a company. Profitable businesses are jeopardized when harmony on the board is not kept.

Shareholder's judgement becomes affected, and it is possible that actions and decisions are influenced by emotion rather than logic.



where shareholders stand, and what should happen if a dispute arises.

● Negotiation/Mediations:

Once shareholder disputes arise, the first port of call is to negotiate the issues causing the conflict. This can usually be cost-effective and quick.

Negotiations often result in compromises which leads the company and its shareholders to a suitable solution.

If standard negotiations fall short, then mediation may be another option to address the dispute.

Mediation, however, often involves extra time and cost.

● Buyouts/Exit strategies:

If an agreement or compromise cannot be reached through negotiations or mediation, then buying out the disgruntled shareholder(s) may be one of the only options left. A buyout requires a valuation of the company's shares, which usually requires an independent party to conduct the valuation due to conflicting perspectives on the value of the shares.

- This process is not always quick, and it is not foolproof. These shares are required to be purchased for the buyout to be executed. Existing shareholders or external investors may not agree upon the valuation.
- A well assembled shareholder agreement should detail any processes for a shareholder buyout.

● Litigation:

If none of the above-mentioned methods can remedy the shareholder conflict, then litigation may be the only option left. Under Section 174 of the Companies Act, shareholders can seek relief if the business is being operated in such a way that it is oppressive, unfairly discriminatory or unfairly prejudicial, and can apply to the Court for assistance.

Litigation can however be expensive and protracted for the shareholders, not to mention a distraction for the company's progress.

What Causes Shareholder Disputes?

Shareholder disputes can have many causes.

Common causes include shareholders not agreeing on the direction of the company, personal disputes between shareholders, financial benefits and remuneration, as well as disagreements between shareholders for not pulling their respective weight in terms of the company moving forward.

Ways to solve Shareholder Disputes:

Shareholder disputes are not always avoidable. However, there are measures that can be taken to mitigate the chance of them occurring and/or escalating.

● Shareholder Agreements:

Shareholders can agree to sign a shareholder agreement in which they outline the following:

- Their responsibilities as shareholders
 - Details on how the business will be managed
 - How to deal with disputes/disagreements
 - Exit procedures for shareholders
- Formal agreements can be effective when it comes to minimising disputes. The agreement removes ambiguities and establishes more certainty on how the company is to be run,

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Vazey Child Limited - Hamilton	(07) 838-2169
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- Kaikohe	(09) 401-0991
- Kaitiata	(09) 408-1220
YRW Limited - Tauranga	(07) 578-0069

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 2024

Terminal tax for 2023 (March, April, May balance dates). For all clients except those who have lost their extension of time privilege.

7 May 2024

Third instalment of 2024 Provisional

Tax (March balance date)

28 May 2024

First instalment 2025 Provisional Tax (December balance date)

31 May 2024

Deadline for Fringe Benefits Tax returns.