



PH advice shapes franchise vision

A Dunedin man's ambition to successfully franchise an aluminium restoration system is gathering pace - thanks to years of hard work, and advice from business professionals.

John Fielding acquired the Asia/Pacific rights to use the Nyalic product from United States owners HBI Inc of Atlanta, Georgia.

He set up Nyalic (NZ) Ltd, which has become a market leader in corrosion protection and restoration aluminium on boats. John is helping to market Nyalic to the marine industry in the United States, Canada, UK and Europe. In the last year he has established Nyalic Window Systems Ltd, which he has begun franchising.

John has been involved in commercial, marine and industrial coatings for more than 25 years. He founded Nyalic 12 years ago and was impressed with the product's performance, both in restoring the aluminium and then protecting it from further damage.

"Many people don't realise that within four years powdercoated and anodised aluminium joinery can be affected by UV chalking and fading and corrosion, especially in coastal areas," John says.

John wrote the system manuals including detailed procedures for the system, using

Nyalic clear coat and a range of patented cleaners also manufactured by HBI of Atlanta.

A Bay of Plenty company then trialled the system for six years, producing detailed results, which were used as a basis for setting up a franchise operation.

While the product is geared towards the aluminium windows and architectural features in homes and high-rise buildings, it is also being used by architectural companies and local authorities for facilities, such as stainless steel in swimming pools and to protect features such as park statues.

Partner Henry van Dyk and Simon Cameron from Business Services in Polson Higgs's Dunedin office used this data for a workable forecast model, identified 30 demographic areas, and made cash forecasts and business plans for each franchise.

Westpac and law company Anderson Lloyd were also involved in 12 months of planning.

John's first advertising campaign resulted in hundreds of phone calls. However, he said it is crucial that the system be used correctly, so he is interested in dealing only with qualified industry professionals, such



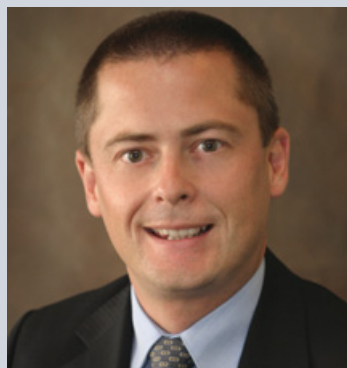
Skip Hawkins, President of HBI Inc Atlanta Georgia, on the left, with John Fielding of Nyalic (NZ) Ltd.

as builders and painters.

John has kept the franchise for the Dunedin region so that he remains conversant with Nyalic, employing a decorating company to carry out the work while he concentrates on business opportunities.

Nyalic Window Systems has sold nine franchises nationwide to date with more in the pipeline.

John is also planning to bring the system to Australia soon, working closely with his Australian business partner, former Dunedinite Jeff Melville.



Award for Partner

Michael Rondel, a Partner at Polson Higgs Christchurch, has been named as the Upper South Island Young Chartered Accountant of the Year 2007.

Michael, who was presented with his award at a recent function hosted by the Canterbury branch of the NZICA, also represented the region at the national Young Chartered Accountant of the Year judging in Wellington in September.

Early in his career Mike worked overseas for several years, including in Singapore and Amsterdam. Since joining Polson Higgs in 2002, he has led the Christchurch Assurance Services team and has been involved in significant projects within the education sector, including a financial statutory management role at Aranui High School.

Currently, he is lead researcher on a nationwide survey of schools being undertaken by Polson Higgs to assist the Ministry of Education with understanding how to monitor and analyse schools' financial management.

Engineering business targets niche markets

Supplying specialist machines for niche markets in New Zealand, Australia and the United States is paying dividends for a Christchurch-based engineering business that is also a Polson Higgs client.

Bellmor Engineering Ltd and G-Tech Separation Ltd manufacture and service equipment that is used across a range of industries, including meat processing, dairying, wool scouring and waste water.

Bellmor Engineering was set up in 1989 to make substitute parts for meat grinders. The move soon led to the development of a new grinder with enhanced features, followed by a range of pumps, mincers, and mixers to handle both frozen and fresh product.

G-Tech Separation was founded to supply processing equipment of product from the grinders. Servicing of decanters and separators, and sourcing and supplying spare parts became the mainstay of the business.

Director, Sarah Morgan says the machines that are currently being exported to the US are used in the oil industry in many parts of the world. "We have had a long association with a company in the United States and this has helped in exporting machines to various industries there."

An office in Sydney has been relocated to Melbourne, where a repair shop is being set up and new jobs are being created. While the company has been servicing the



rendering and waste water industries in Australia for many years, it will be seeking more business opportunities once its new staff are appointed.

Sarah says Polson Higgs has helped with growing the business over the last few years with such aspects as tax advice, and putting in place the right structures within which to run the business for tax minimalisation as well as asset protection.

Around 50 staff are employed in the Christchurch operation with another two staff in the Hamilton office, which services the upper North Island.

Sarah, who oversees the financial and administrative side of the business, says that

certain aspects of the business require hard-to-find skilled staff, especially for specialised areas such as operators for the CNC (computer numerically controlled) machines and the balancing of centrifugal equipment.

"Our core business has always been servicing the rendering industry," Sarah says. "Finding personnel to sell and service machinery for this industry is also difficult. The process related knowledge that is required is often only learnt on the job."

Despite these challenges, the company is committed to using state-of-the-art equipment and rigorous checking procedures to ensure that all the machinery is produced to the highest possible standards.

Policy on finance companies

It is a fact of life that "bad news sells newspapers" but it is equally true that "higher returns equate to higher risk".

At Polson Higgs we pay for independent research to give us, and our clients, assessments on New Zealand based finance companies (updated weekly). Internally, we have set minimum standards that finance companies must meet for us to recommend them to our clients. We also ensure that any portfolio of investments includes a mix of not only finance companies but mortgage trusts, bonds (if they offer value) and short-term cash/bank deposits.

To date, no finance company that we have recommended to our clients has gone out of business. The current operating environment for finance companies is extremely tough.

We, however, believe that the strong, liquid and well run finance companies will survive and ultimately, give investors the rewards for the level of risk they are taking. Polson Higgs will continue to provide advice for our clients on the way to achieve reasonable returns with the minimum amount of risk.

Landmark for Saxon Appliances

Saxon Appliances, a long-standing Polson Higgs client, hosted a function for staff, suppliers and service providers to celebrate 20 years in business.

Staff numbers have grown from three to 30 since Managing Director Ron Allen bought the business, located near AMI Stadium, in Christchurch in 1987.

"My ambition was to run a totally professional independent service company and I believe we've achieved that, because we're probably the largest business of our type in New Zealand," Ron said.

Technicians at Saxon Appliances fix everything from toasters to fridges, mostly in workshops on site, although five vans also do call-outs.

Ron said that the business has prospered on the back of some hard work by himself, his wife, Barbara and the staff. He is also pleased with the professional services he has received from Polson Higgs, which has looked after accounting matters such as regular financial reporting and taxation issues.

Ron said his business philosophy has rested on excellent service, trying to ensure that every customer has been helped in some way.

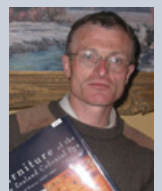
Two awards for book

Polson Higgs client William Cottrell, who won two awards at the Montana Book awards recently, is already planning his next book.

William is New Zealand's foremost expert on furniture from the colonial era. His book "Furniture of the New Zealand Colonial Era - An Illustrated History 1830-1900" won both the reference and anthology section and best first book in the non-fiction category.

During his research he found so much new information that he has enough material for another book that will examine the sophisticated nature of society in mid-19th century New Zealand.

William and his wife, Simonetta Ferrari run a tourism accommodation business at Gunyah Lodge, a country retreat near Rakaia Gorge.



PH builds alliance with Maori



In its branches in both Christchurch and Dunedin, Polson Higgs has a group of staff who have built considerable expertise in delivering services to Maori, including Maori business but also across a range of other sectors.

Phillip Roth, a Partner in Business Services, said: "In the last five years Polson Higgs has experienced genuine growth in demand from Maori and it's been a privilege for us to be involved."

He works alongside Joseph Thomas in Christchurch while Partner Phil Broughton and Suzanne Spencer are driving the delivery of services from the Dunedin office. Clients have come from a range of businesses - retail, tourism, creative and the manufacturing sector, with Polson Higgs staff assisting with mentoring services, Maori trustee training, strategic and business planning, investment planning, policy development and HR management.

Among those to use Polson Higgs assistance is the Ngati Mutunga O Wharekauri Iwi Trust (Chatham). It represents Ngati Mutunga O Wharekauri, whose members live on the Chathams and also on the mainland and outside New Zealand. The nine trustees have worked hard to meet the criteria of a "MIO" (mandated iwi organisation) demanded by Te Ohu

Ngati Mutunga O Wharekauri Iwi Trust staff with Phillip Roth from Polson Higgs, second from right.

Kaimoana and the Maori Fisheries Act 2004.

The trust's job is to manage the fisheries quota settlement awarded in 2005 and to invest returns that come from the sales of "ACE" (annual catch entitlement or quota).

Trust chairman, Phil Seymour said that Ngati Mutunga O Wharekauri has huge responsibility for the cultural, commercial and charitable aspects of its business. "Consequently, we have engaged Polson Higgs for a range of services, which means we can access specialist skills to assist with business activities.

"A developing organisation such as ours needs these services so that we can work through a lot of compliance issues and other aspects of the business."

He said an excellent working relationship had been developed with Polson Higgs advisers.

Phillip Roth said that the trust is focused on building sustainable futures for its base of beneficiaries, ensuring that assets are secure and can grow. "There has been a switch away from wanting money to be handed out; instead Maori are conscious about safeguarding the welfare of future generations," he said.

Professional payroll services available

Polson Higgs provides a wide range of payroll services, including a superior outsourcing service to clients.

Our highly skilled team can manage all components of a business's payroll function. All services are undertaken in complete confidentiality to the highest degree of accuracy and security.

Key benefits of outsourcing your payroll include:

- Confidentiality is guaranteed
- Time savings, as you would expect to attend to this task personally
- Realistic fee for the full service level provided
- Accuracy & security
- Personal attention
- Peace of mind
- Management as well as processing of your payroll
- No payroll software maintenance and upgrade costs
- No payroll annual licence costs
- No ongoing software and payroll legislation training
- No need for "back-up" payroll staff
- Never miss another PAYE date
- Secure Executive Payroll service for larger clients

Other aspects of our payroll services include:

- Advice on selecting payroll software. Our consultants can assist on software choice, installation and providing the best tools to manage payroll.

- Advice on legislative changes. We recognise that while businesses are concentrating on their core activities, staff may not keep pace with legislative changes. Recent changes include: four weeks annual leave, KiwiSaver, and adjustments to minimum wage rates. We can advise on the significance of these changes, thus avoiding the costs of non-compliance or incorrect interpretation.

- Payroll audit. The statutory obligations for employers are considerable. An audit of payroll systems can identify potential problem areas and ensure legal obligations are being met.

Our full service payroll processing is available for as little as \$60 (plus GST) per payrun for five or less employees.

Currently, Polson Higgs is offering a 10% discount to new clients who sign up to have their payrolls processed on Fridays. If you wish to take up this offer or discuss any aspect of payroll, please contact Helen Stringer on 03 477 9923 or helen.stringer@ph.co.nz

Challenges for land trust

A collection of 99 land-owning trusts, that own around 6% of Stewart Island, have sought business advice from Polson Higgs.

The Rakiura Maori Land Trust aims to manage and seek commercialisation opportunities in and around the land and sea for its owners, whose lands all border pristine coastline. The flora, fauna and marine environment are priorities along with managing the competing demands and opportunities around land ownership.

Managing the land, pest eradication, and beneficiary and stakeholder aspirations are part of a challenging mix that must also include seeking commercial opportunities.

Developing relationships with other interested parties such as the council, DoC, the local community and affiliated organisations are also important. The needs of other business and commercial investors interested in forming strategic alliances or joint ventures in the region must also be considered.

Polson Higgs has been mainly involved with providing strategic governance and commercialisation projects to the trust. It is currently studying an exciting project that would provide kiwi viewing tours for visitors.



Stewart Island (Rakiura) is the backdrop for these sailors.

KiwiSaver for non-employees

In contrast with employees, who can rely on their employer to do most of the work relating to KiwiSaver membership, those who aren't employed i.e. investors, or who are self employed, or those who are salaried shareholders not paying PAYE, are required to do all of the legwork themselves.

To be able to join a KiwiSaver scheme you must be under 65 at the time of joining. Having joined, the lock in period is until age 65, being the current NZ Super age. However, for those aged over 60 there is a five-year minimum lock in period, so that a 64-year-old joining would be locked in until age 69.

The first stage in the process is deciding which scheme provider to choose. A list of the thirty current providers with contact details can be found at www.kiwisaver.govt.nz. It is then necessary to contact the scheme provider direct, talk through any questions that you may have, and if satisfied, complete the necessary application form.

Some of the issues that you may wish to consider are: the minimum monthly contribution required, the annual management fees charged and, as KiwiSaver is not guaranteed by the Government, the financial strength of the organisation that you are joining. Although you are only allowed to join one KiwiSaver scheme, a transfer to a different provider can be made at any time.

Perhaps the most important thing to consider is, what are the incentives and do they make the effort of joining worthwhile? In an effort to boost the nation's savings ratio, the Government has decided on the following 'sweeteners':

- a. A \$1000 'kick start' into every account opened.
- b. The payment of annual administration fees of up to \$40 per year and
- c. A 'matching contribution' to your fund of a maximum of \$1,040 per year for those over 18.



Some other points of interest:

- a. A contribution holiday can be taken at any time after 12 months membership.
- b. Access to some or all of the fund will be allowed in certain circumstances, examples being 'significant financial hardship', death, 'serious illness', permanent emigration, or, subject to certain conditions, to purchase a first home.
- c. After three years of saving, a person may be eligible for the 'first home deposit subsidy'.

Once the time comes to access your KiwiSaver fund, this will be available as a lump sum to do with as you will.

Perhaps the bottom line for those over 18 and thinking of joining now is that by making your first contribution in October 2007 and topping this up to \$780 before June 2008 your fund will receive a further \$1,780 from the Government. For subsequent years, and under current legislation, if you continue to make a \$1,040 annual contribution, the Government will match this with a further \$1,040 per year. If your contribution is less than this, then it will be matched dollar for dollar.

Should you require any further advice on KiwiSaver please consult your advisor.

DIRECTORY OF SERVICES

The services offered by our divisions include:

Business Services

- > Annual and periodic financial statements
- > Taxation compliance
- > Advice re business sale and purchase
- > Business and strategic planning
- > Business and company valuations
- > Financial forecasts
- > Software installation and support
- > Business structuring advice

Audit/Assurance

- > External and internal audit
- > Review engagements
- > Corporate governance reviews
- > Internal controls/procedures reviews
- > Risk management
- > Forensic assignments

Taxation

- > Tax compliance and planning reviews
- > FBT/GST/ACC warrants of fitness
- > IRD tax audits and binding rulings
- > Tax advice on mergers and acquisitions
- > International tax advice
- > Training

Information Technology

- > Software development
- > IT assurance/IT warrant of fitness
- > Strategic IT advisory service
- > PC and network support
- > Package selection services
- > Project management

Financial Planning

- > Investment management advice and solutions
- Personal, business and corporate insurance
- > Employee benefit programmes
- > Estate/asset planning

Business Consulting Group

Human Resources

- > Executive recruitment
- > Strategic remuneration advice
- > Performance management
- > Psychometric assessment
- > Organisation reviews

Marketing

- > Strategic marketing planning
- > Marketing budget development
- > Assisting with advertising and promotion
- > Marketing for business profitability and growth

Business Intelligence

- > Feasibility studies
- > Market research for small to medium businesses
- > Policy analysis and evaluation
- > Survey research
- > Public opinion polling/organisational profiling

Training

- > Business Management skills
- > Taxation and Technical topics
- > Accounting for non-accountants
- > Financial management skills

ACC levies

We have encountered many instances when reviewing our clients' ACC invoices of errors, due to business industry classification descriptions not being correct. There may also be opportunities to have invoices reassessed where ACC levies are being paid by two different entities for the same employee when that employee's total

earnings exceed the maximum liable earnings. The maximum liable earnings for the 2007 income year are \$94,226.

ACC levies can be a substantial expense and if you are concerned about the correctness of your invoices or just wish to have them reviewed, please do not hesitate to contact your client advisor.

CONTACT DETAILS

Christchurch office

Partners: David Cope, Business Services; Robert Purchas, Business Services; Frank Burgess, Taxation; Geoff Bolderston, Business Services; Phillip Roth, Business Services, Consulting; Michael Rondel, Audit and Assurance, Consulting; Noel Walton, Business Services.

Consultant: John Rundle, Business Services.

Associate: Frazer Weir, Business Services.

Dunedin office

Partners: Stephen Higgs, Taxation, Graham Crombie, Audit and Assurance, Consulting; Tim Dunn, Business Services; Phil Broughton, Business Services, Training; Steve Dunbar, Business Services, Insolvency; Michael Turner, Taxation; Henry van Dyk, Business Services.

Consultants: Les Stewart, Business Services; Richard Joseph, Director - Business Consulting Group.

Associate: Simon Cameron, Business Services.