

# Newsletter July 2015

## Joining the Xero Team!

We are pleased to announce we have recently become Gold Xero Partners. To achieve this, the team here are Xero Certified, and we now have over 100 clients using Xero. Xero is a great online tool that you can log into anytime, anywhere on your computer, tablet or phone and see up-to-date financials. Xero can create and send invoices, easily prepare GST returns and it can all be done on the go. If you think this is something you might be interested in, please contact our office.

<https://www.xero.com/nz/>



## Farm Talk - Dairy Farmers Beware

With the \$4.40 payout for the current season being the lowest since 2006/07, it is more crucial than ever to budget to manage future cashflows and debt levels. The opening forecast for next season has been set at \$5.25, and while it isn't the rebound many would have hoped for, in general the banks have indicated support to farmers in this downturn.



## Are you aware of what being a director means? - Directors duties explained

If you are appointed as company director of any company, but in particular a family company, you should understand the wide corporate responsibilities that you are accepting and the need to comply with requirements of corporate law and the accepted code of behaviour of company directors. The law doesn't treat a director any differently whether the company is a major public company or a small family company.

- A director must act in the best interests of the company.
- They should make provision for employees should the company cease to carry on whole or part of the business.
- A director must exercise power for a legitimate or proper purpose.
- A director must not act in a manner that contravenes its constitution or the Companies Act 1993.
- A director must not cause or allow the company to be carried on in a manner likely to cause a substantial risk of serious loss to creditors.
- A director must not incur any obligation unless they reasonably believe the company will be able to perform the obligation.
- A director must exercise a reasonable level of care, diligence and skill.
- A director may rely on professional advice from certain people if they act in good faith, and have no knowledge reliance isn't warranted.

Penalties for breaches of the Companies Act range from fines of between \$5,000 and \$200,000 and jail terms of up to 5 years. We have a complimentary Governance Guide for Small Businesses available to our clients. If you would like a copy, please contact our office.

*"The road to success and the road to failure are almost exactly the same." - Colin R Davis*