

Slide 16 - Text - Double Column

Text Captions: Business Migration Branch

Entrepreneur Residence Visa category

Criteria

Applicants for the Entrepreneur Residence Visa category must demonstrate the following:

They have successfully established and operated a business in New Zealand for a specific duration as per instructions.

That the business is benefiting New Zealand in some way.

The business complies with New Zealand employment and immigration law.

Meet English language requirements.

A business will benefit New Zealand if it is promoting New Zealand's economic growth by:

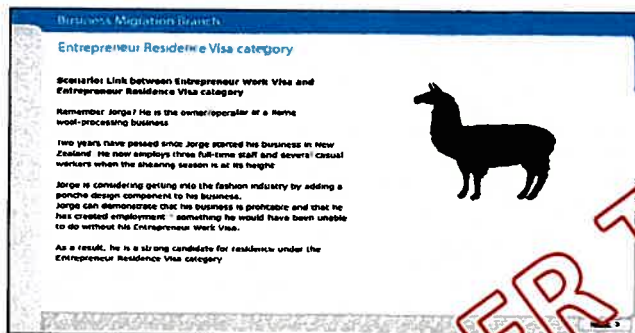
introducing new, or enhancing existing technology, management, or technical skills

introducing new, or enhancing existing products or services

creating new, or expanding existing export markets

creating employment (other than for the principal applicant)

revitalising an existing New Zealand business



Slide 17 - Text - Double Column

Text Captions: Business Migration Branch

Entrepreneur Residence Visa category

Scenario: Link between Entrepreneur Work Visa and Entrepreneur Residence Visa category

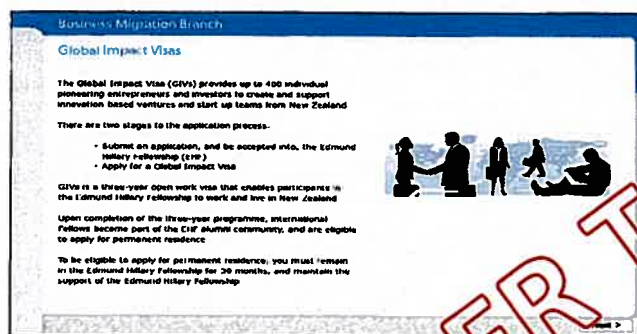
Remember Jorge? He is the owner/operator of a llama wool-processing business.

Two years have passed since Jorge started his business in New Zealand. He now employs three full-time staff and several casual workers when the shearing season is at its height.

Jorge is considering getting into the fashion industry by adding a poncho design component to his business.

Jorge can demonstrate that his business is profitable and that he has created employment - something he would have been unable to do without his Entrepreneur Work Visa.

As a result, he is a strong candidate for residence under the Entrepreneur Residence Visa category.



Slide 18 - Text - Double Column

Text Captions: Business Migration Branch

Global Impact Visas

The Global Impact Visa (GIVs) provides up to 400 individual pioneering entrepreneurs and investors to create and support innovation-based ventures and start-up teams from New Zealand

There are two stages to the application process:

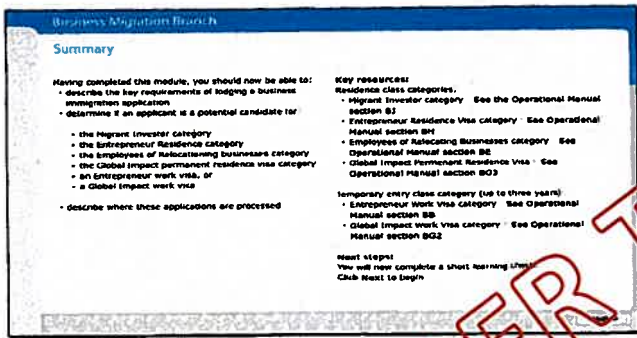
Submit an application, and be accepted into, the Edmund Hillary Fellowship (EHF)

Apply for a Global Impact Visa

GIVs is a three-year open work visa that enables participants in the Edmund Hillary Fellowship to work and live in New Zealand.

Upon completion of the three-year programme, international Fellows become part of the EHF alumni community, and are eligible to apply for permanent residence.

To be eligible to apply for permanent residence, you must remain in the Edmund Hillary Fellowship for 30 months, and maintain the support of the Edmund Hillary Fellowship.



Slide 19 - Summary

Text Captions: Business Migration Branch

Summary

Having completed this module, you should now be able to:
 describe the key requirements of lodging a business immigration application
 determine if an applicant is a potential candidate for:

- the Migrant Investor category
- the Entrepreneur Residence category
- the Employees of Relocating businesses category
- the Global Impact permanent residence visa category
- an Entrepreneur work visa, or
- a Global Impact work visa

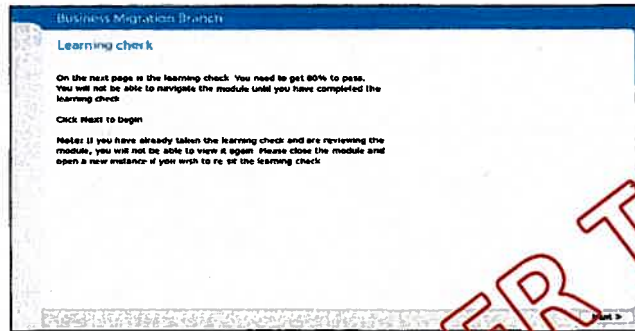
describe where these applications are processed.

Key resources:

Residence class categories:

- Migrant Investor category - See the Operational Manual section BJ
- Entrepreneur Residence Visa category - See Operational Manual section BH
- Employees of Relocating Businesses category - See Operational Manual section BE
- Global Impact Permanent Residence Visa - See Operational Manual section BG3

Temporary entry class category (up to three years):



Slide 20 - Text - Single Column

Text Captions: Business Migration Branch

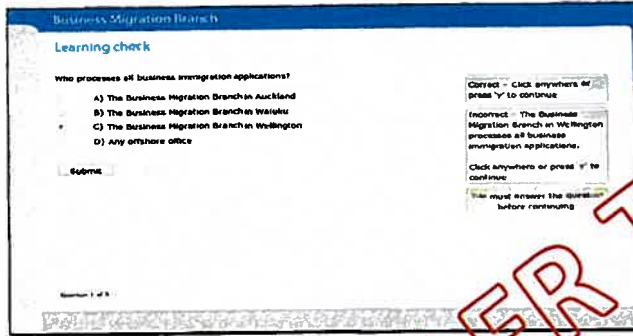
Learning check

On the next page is the learning check. You need to get 80% to pass. You will not be able to navigate the module until you have completed the learning check.

Click Next to begin.

Note: If you have already taken the learning check and are reviewing the module, you will not be able to view it again. Please close the module and open a new instance if you wish to re-sit the learning check.

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Slide 21 - Multiple Choice

Text Captions: Business Migration Branch

Learning check

Who processes all business immigration applications?

You must answer the question before continuing.

Question 1 of 5

Correct – Click anywhere or press 'y' to continue.

Incorrect – The Business Migration Branch in Wellington processes all business immigration applications.

Click anywhere or press 'y' to continue.

- A) The Business Migration Branch in Auckland
- B) The Business Migration Branch in Waiuku
- C) The Business Migration Branch in Wellington
- D) Any offshore office



Slide 22 - Multiple Choice

Text Captions: Business Migration Branch

Learning check

Aamina wishes to qualify under the Migrant Investor Category. She plans to have \$12 million invested in New Zealand for at least five years. However she is 66 years old and has little or no comprehension of the English language. She does meet the health and character requirement.

Is she likely to qualify under the Migrant Investor 1 Category?

You must answer the question before continuing.

Question 2 of 5

Correct - She is likely to qualify. There are no age requirements for investments over \$10 million dollars for more than three years.

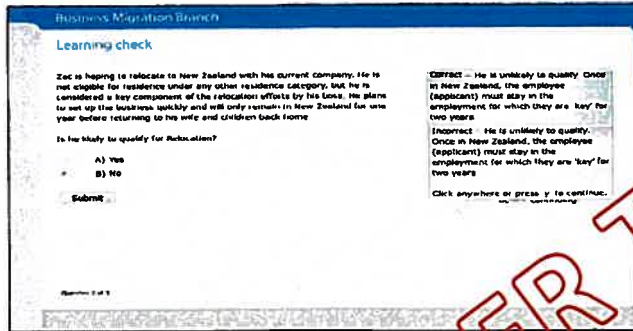
Click anywhere or press 'y' to continue.

Incorrect - She is likely to qualify. There are no age requirements for investments over \$10 million dollars for more than three years.

Click anywhere or press 'y' to continue.

A) Yes

B) No



Slide 23 - Multiple Choice

Text Captions: Business Migration Branch

Learning check

Zac is hoping to relocate to New Zealand with his current company. He is not eligible for residence under any other residence category, but he is considered a key component of the relocation efforts by his boss. He plans to set up the business quickly and will only remain in New Zealand for one year before returning to his wife and children back home.

Is he likely to qualify for Relocation?

You must answer the question before continuing.

Question 3 of 5

Correct – He is unlikely to qualify. Once in New Zealand, the employee (applicant) must stay in the employment for which they are 'key' for two years

Click anywhere or press 'y' to continue.

Incorrect – He is unlikely to qualify. Once in New Zealand, the employee (applicant) must stay in the employment for which they are 'key' for two years.

Click anywhere or press 'y' to continue.

A) Yes

B) No



Slide 24 - Multiple Choice

Text Captions: Business Migration Branch

Learning check

Frank is a builder planning to establish a contracting business. Ten years ago he was convicted of fraud, but he meets all our other requirements.

Is he likely to qualify for the Entrepreneur Work Visa?

You must answer the question before continuing.

Question 4 of 5

Correct - He is unlikely to qualify. You must have no history of business failure or bankruptcy in the past five years and have never had involvement in business fraud.

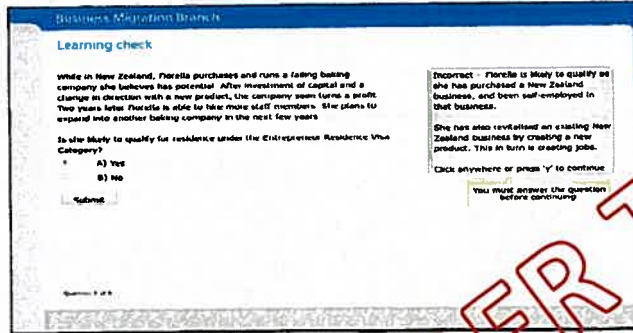
Click anywhere or press 'y' to continue.

Incorrect - He is unlikely to qualify. You must have no history of business failure or bankruptcy in the past five years and have never had involvement in business fraud.

Click anywhere or press 'y' to continue.

A) Yes

B) No



Slide 25 - Multiple Choice

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Learning check

While in New Zealand, Fiorella purchases and runs a failing baking company she believes has potential. After investment of capital and a change in direction with a new product, the company soon turns a profit. Two years later Fiorella is able to hire more staff members. She plans to expand into another baking company in the next few years.

Is she likely to qualify for residence under the Entrepreneur Residence Visa Category?

You must answer the question before continuing.

Question 5 of 5

Correct – Fiorella is likely to qualify as she has purchased a New Zealand business, and been self-employed in that business.

She has also revitalised an existing New Zealand business by creating a new product. This in turn is creating jobs.

Click anywhere or press 'y' to continue.

Incorrect – Fiorella is likely to qualify as she has purchased a New Zealand business, and been self-employed in that business.

She has also revitalised an existing New Zealand business by creating a new product. This in turn is creating jobs.

Click anywhere or press 'y' to continue.

A) Yes



Slide 26

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Summary

Your score:

{percent}

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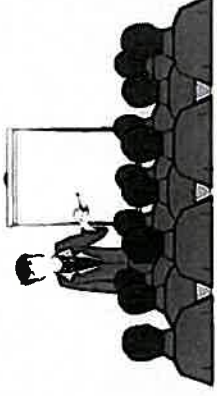
Assessing Business / Job Sustainability

Fil Ranga / BMB 10 Oct 2017



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TRAINING FLOW



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BACKGROUND

- NZ Business Environment – Many businesses are small in New Zealand, 97% employing 20 or fewer employees.
- New businesses: staff needed making job offers to applicants as a basis for work visas)
- Existing businesses: retaining workers (renewal of work visas)
- Risk and complication in assessing job sustainability e.g. the increase in the number of failing businesses
- Anecdotal evidence suggests it usually takes a new business at least 2-3 years to become profitable;



INSTRUCTION CATEGORIES THAT REQUIRE A SOUND FINANCIAL POSITION

- A. Business Policies (BMB)
 - Entrepreneur Work Visa (BB3.15e) - *business plan requires realistic financial forecasts*
 - Employer Accreditation (WR1.25c.i / WR1.25d.i) and Labour-Hire Employer Accreditation (WK2.25b.i)
 - *INZ must be satisfied that business is in a sound financial position and a going-concern;*



VISA CATEGORIES

INZ visa applications: Employer-specific work-related policies that require job sustainability or business' sound financial position:

- Essential Skills (WK)
- Post Study Work Visa – Employer-assisted (WD1)
- Work to Residence (WR)
- Specific Purpose (WS)
- Parent Residence (Tier 1) – F4.30.1b ii – regular self employment



WHAT IS SUSTAINABLE?

- From a Latin word *sustinere*, meaning to hold up.
- Wikipedia defines sustainable as being able to be “maintained”, “supported” or “endured”



WHEN DO WE USUALLY QUESTION SUSTAINABILITY?

- New business;
- New Job establishment;
- Concerns around genuineness of job offer;
- Small businesses;
- Concerns around the financial stability and performance of a business e.g. news articles, alerts



WHEN ARE WE USUALLY SATISFIED THAT A JOB/BUSINESS SEEMS SUSTAINABLE?

- Business has been around for 2-3 years or more.
- Business has an AIF or Accreditation (Talent and Labour Hire accreditation) as sustainability of business is assessed as part of these applications.
- Business is of a decent size i.e. staff numbers; significant business turnover and/or assets.
- Business is listed on the stock exchange.
- Well-known company who has international presence/linkages;
- Small company that has been operating for some time and has sound financial records;
- New entity which has bought an existing business;
- Company that has been in existence for some time with lots of positive media publicity, given awards/recognition, etc



THE BIG PICTURE APPROACH

WHAT DO WE CONSIDER?

- Age of the company – how long has it been a “going concern” (able to continue to operate in the foreseeable future)?
 - Companies Office website: www.companiesoffice.govt.nz
 - AMS client notes – other visa applications, any alerts/warnings, etc.
 - Web search (including Google street view)
 - If newly-formed, is it part of an existing group of companies?
- What is the nature/scale of the business? Other things to look at?
 - Is it in a “future growth area”
 - Gazette website (liquidations/bankruptcies of directors/major shareholders): <https://gazette.govt.nz>
 - AMS Client Contact Report
- Size/location of company
 - Is it small?
 - Is it remote?
 - If it is small, is it part of a bigger company which might be larger & established as a going concern?
 - If being part of a larger company, will its parent company back it?
- Residence status of the employer
 - Probably most relevant for small “start-ups”
- If job offer is genuine
 - Is the employer a family member or friend?
 - Does the role “fit” with the company?



DOCUMENTS THAT MAY SUPPORT SUSTAINABILITY?

- NZ Business registration;
- GST returns (to validate total sales and income vs F/S);
- Employer Monthly Schedules “IR 345 & IR 348” (to see total PAYE paid and number of employees business employs);
- Business bank statements (to see deposits, withdrawals – where the funds are coming from/being used for);
- Business loan / mortgage documents (to see business long term debts)
- Contracts with suppliers / customers (past and future business activities);
- Media articles about the business;
- Referrals from business units, Local Industry and Commerce
- Financial Accounts (**Profit & Loss Statement and Balance Sheet**)
- Letter from accountant (preferably chartered, and on letterhead)



Financial Statements - Financial data from accounting records usually in the form of two financial statements

Statement of Financial Position

A report on the financial condition of a business showing its assets, liabilities and capital as of a certain date (also known as Balance Sheet)

Statement of Financial Performance

A report of the performance of a business, showing its revenues and expenses (also known as Profit and Loss Statement or Income Statement)

Cash Flow Statement
-a report on the sources and uses of funds

About Financial Statements

Why are Financial Statements important to a business?

- You can see and measure how the business is performing.
- You can see the condition of the business in terms of its assets and liabilities and capitals of a certain date.
- An effective tool in making business decision
- For compliance with statutory bodies e.g. Companies Office, IRD etc.

Skills needed to read and analyse Financial Statements.

- Basic understanding of key accounting / financial terms and their relationships;
- Basic mathematical operations (+, -, x, /, fractions, decimals, %)
- Good attention to details;
- Sound judgment and reasoning ability



Common Problems with Financial

Statements

- Information is historic (a picture of what has happened in the past, not what may happen in the future)
- You don't have all the relevant information to analyse the Financial Statements accurately
- Limited reliability
- Unaudited statements
- Incomplete information (only last statement provided, no comparison)
- Fraudulent misrepresentation (overstated/window-dressed-creating a favourable impression)



CAN YOU TRUST THE ACCOUNTS?

1. Audited accounts
2. Accounts from a Chartered Accountant
3. Accounts from an accountant
4. Accounts prepared by applicant, e.g. using MYOB/XERO

RELIABILITY
DECREASES

To verify accounts;

- Compare numbers over time
- Check against IRD benchmarks
- Ask for GST returns
- Ask for PAYE returns or Employer Monthly Schedules
- New businesses may not have financial statements yet, so GST and PAYE returns may be it!

Cannot expect a small company to provide audited accounts – expensive!



IF WE NEED TO REQUEST FINANCIAL DOCUMENTS, WHAT DO WE REQUEST?

Statement	What it tells us	When we ask for it
Statement of Financial Performance (Profit & Loss Statement, or Income Statement)	How much money the business is making and spending <i>(Revenue, Expenses and Profit)</i>	Always 2-3 years of worth
Statement of Financial Position (Balance Sheet)	How many assets and debts the business has <i>(Assets and Liabilities)</i>	Always 2-3 years of worth
Financial Forecast	What they think the financial position of the business will look like in the future	When we have concerns on sustainability When the business is new

TECHNIQUES OF FINANCIAL ANALYSIS

1. Comparative Ratio Analysis
2. Trend Analysis
3. Sources and uses of funds (where-got and where-gone analysis)



RATIO ANALYSIS

Basic Categories:

- **Liquidity** determines a business' ability to pay its current liabilities (debts) as they fall due
- **Profitability** evaluates a business' ability to control expenses and earn a reasonable return on its assets (resources and funds).
- **Leverage** measures the extent to which a business relies on others for its financing i.e. other people's money.
- **Efficiency on activity** gives an indication on how efficient a business has been managing its assets.



FINANCIAL RATIOS/TRENDS

Types Of Ratios	Formula	Example Of Calculation	What does it mean?
LIQUIDITY RATIO: Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	$\frac{\$700,000}{\$300,000} = \$2.33$	Firm is twice more than capable of paying its immediate liabilities, based on its current assets. Very Good!
			2:1 acceptable >1:1 better <1:1 not good

FINANCIAL RATIOS/TRENDS

Types Of Ratios	Formula	Example Of Calculation	What does it mean?
PROFITABILITY RATIOS			
Return on Total Assets (ROA)	$\frac{\text{Net Profit after Tax/Total Assets}}{\text{Total Assets}}$	$\frac{1,000}{5,000} = 0.20$ $\frac{5,000}{3,000} = 1.66$	Shows how efficient is the company in utilising its Assets to earn a profit.
Profit Margin	$\frac{\text{Net Profit before Tax/ Sales}}{\text{Sales}}$	$\frac{\$500}{\$2,000} = 0.25 \text{ or } 25\%$ $\frac{\$1,000}{\$2,000} = 50\%$ $\frac{1,000}{3,000} = 0.33$	<p>The higher, the better</p> <p>The bigger, the better</p>

FINANCIAL RATIOS/TRENDS

Types Of Ratios	Formula	Example Of Calculation	What does it mean?
LEVERAGE or SOLVENCY RATIO			
Debt Ratio	$\frac{\text{Total Debt/}}{\text{Total Asset}}$	$\frac{1,000,000}{2,000,000} = 50\%$	<p>50% of the assets are financed by debt.</p> <p>The higher the Ratio, the less attractive it is or the higher the risk to the business e.g. higher interest cost.</p>

TREND RATIOS – WHAT DOES IT MEAN?

	Year 1	Year 2	Remarks
Current Ratio	1.3	0.95	Firm's liquidity is dipping or deteriorating; not a good sign

ROA 0.25 0.39 On increasing trend, hence the use of assets to earn profit is becoming efficient

Profit Margin	0.15	0.23	Gross profit is increasing/improving. Good sign
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Debt Ratio 50% 72% Firm is becoming highly leveraged.
Debt is increasing, not good



WHAT DO WE LOOK FOR?

- What is the profit? (Look at trends) Does the business have enough profit to cover an additional salary? Do they have a profit at all? Is there gross profit (net sales - cost of sales) which becomes a loss after depreciation and deduction of expenses?
- What is the current asset/current liability ratio? (Look at trends and ratios)
- Can the business manage its debts? What is its debt ratio?
- Is there a shareholder salary? (Look at trends)
- How many employees are there? What do we know from previous applications – Client contacts report? What is the wage budget? Is it similar to last year's wage expense? Can they afford additional staff?
- If business is not profitable
 - check balance sheet for spare funds in current assets
 - ask how they intend to pay applicant (additional staff)
 - Ultimately, people go into business to make money (generally) – If a business is not making a profit, it will likely eventually close

Ultimately:

- Based on financial statements & other documentation and information, is the job sustainable for the duration of the visa?



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CASE EXAMPLES / PRACTICE TEST

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CONCLUSION

- There are several ways of determining business/employment sustainability;
- Sound assessment takes into account all facts about the business; (i.e. length of operation; size of its assets; previous year's financial performance; current staff numbers and total wages spent; growth prospects, etc.);
- Assessing F/S is not an intuitive activity but with constant practice, you'll get better at it.
- To learn more, there are some modules at Learn@MBIE → Search for “interpreting financial information”



SMELLERS Test



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SMERS Test

- Designed as an alternative tool that you can use as a guide to assist in your thinking or thought process;
- First introduced at Wellington Area Office in training environment;
- Only takes 5-10 minutes to undertake “overall” health check on the business;
- Meant to assist I/O with limited knowledge or understanding of financial accounts where the focus is a holistic approach;
- Based on “scores” assigned on a set of questions. A score from “0 to 3” is given to questions on business situation, need for employment, independent documents, financial position and risk.
- If the final score is less than or equal to 8, it is deemed not acceptable hence officer to PPI; 9 to 12, I/O may request for further information and if over 13, it can be acceptable on face – no further information required.



SIEMERS Test

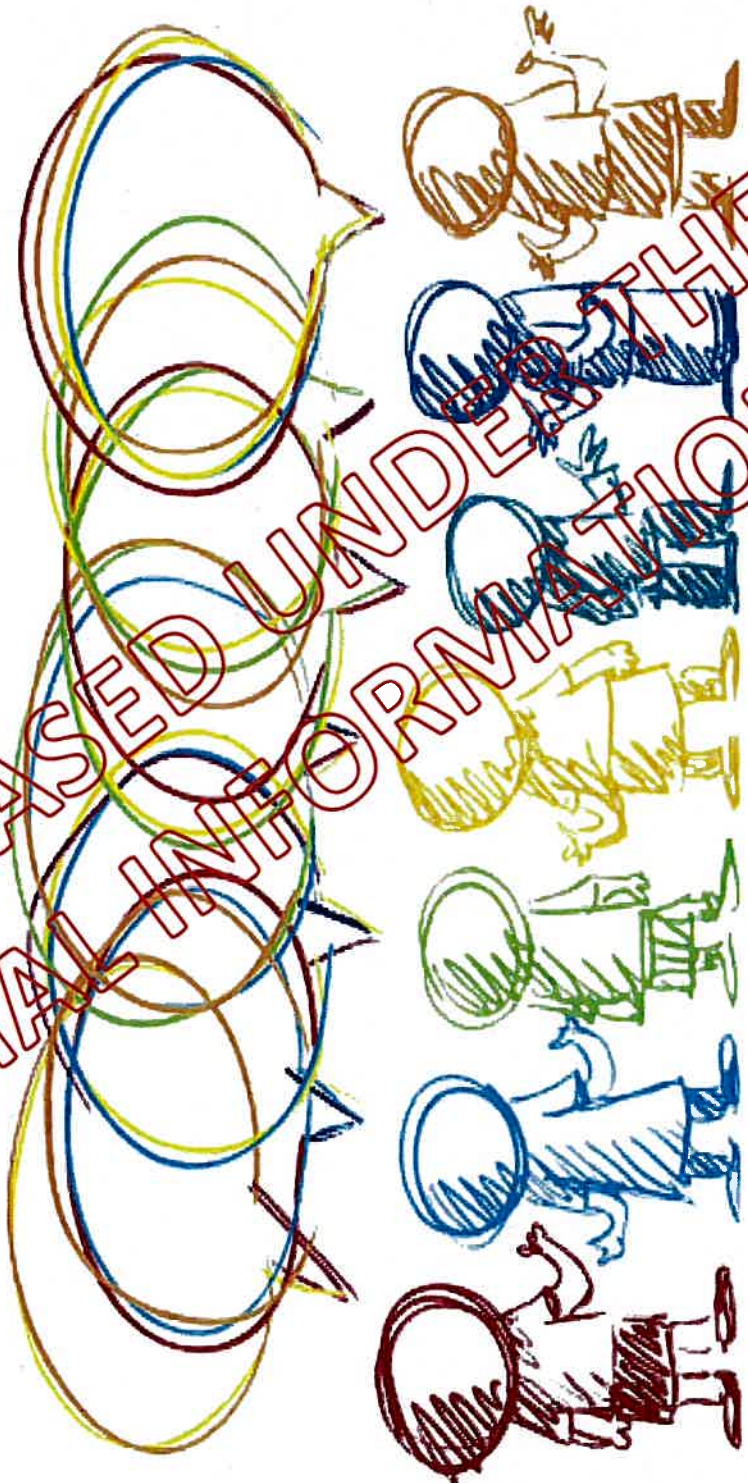
- Unofficial /not sanctioned by INZ
- A 5-10 minutes test meant to assist IO with limited knowledge or understanding of financial accounts using holistic approach;
- A user assigns a score on various set of questions to determine business sustainability on a holistic level. A score of "0 to 3" is assigned to questions about the business situation; need for employment, independent documents, financial position and risk. The final score determines what the IO can do next i.e. PPI or request for further information or accept on face that business is sustainable.
- Takes into account the information we have from the applicant as well as information that the IO knows from general knowledge.



Points

SNIFRS	Sub-criteria	Parameters	Points
SITUATION (Business)	A. Nature of the business	Trading or Hospitality	1
		Govt/Cross sector/High growth industry	2
	B. Scale of the Business	Small Enterprise (<\$1M in annual turnover)	1
		Medium Enterprise (Between \$1m and \$5m in annual turnover)	2
		Large Enterprise (>\$5M in annual turnover)	3
C. Length of Business Operation	Less than 2 years	1	
	2 to 5 years	2	
NEED	D. Form or nature of ownership	Over 5 years	3
		Private family & relatives business; staff with mostly one ethnicity	1
	Skilled or Unskilled employment	Corporate entity	2
		Skilled (Level 1 to 3)	1
	Salary/wage level	Unskilled & High Risk (Level 4 and 5)	0
Low or minimum wage		1	
Above average wage		2	
INDEPENDENT DOCUMENTS	Not Adequate	0	
	Borderline	1	
FINANCIALS	Sufficient	Sufficient	2
		Stable revenues, Net profit for 2 consecutive years, Positive Equity, Reserve capital available, Well-established or known NZ businesses or industry player	3
	capital reserves	Revenues decreased from previous year, Low Net profit or small Net loss, Low equity or Net Worth or low	2
		Significant decline in revenues, Low revenues; High liabilities vs. Net assets; Negative equity; Low or no reserve capital; Liquidity concerns.	1
		There is an alert in the AMS on employer, PA or advisor relating to employers' malpractices or on genuineness of job offers; Triaged as High Risk	0
RISK	No alert in AMS on the employer, PA or advisor relating to employers' malpractices or on genuineness of job offers etc BUT application is triaged as med to high risk	1	
		No alert in AMS; Employer is an accredited employer; Employment is for skilled employment	2
SCORE	SCORE Translation:	Less than or equal to 8 = Not acceptable, PPI on business or employment sustainability	1
		9 to 13 = May be acceptable but more information and documents may be requested	2
		Over 13 = Accept on face that the business is financially sustainable	

QUESTIONS?



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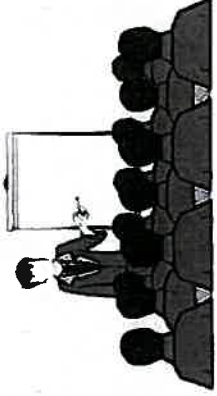
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 - Is the employer a family member or friend?
 - Does the role “fit” with the company?



DOCUMENTS THAT MAY SUPPORT SUSTAINABILITY?

- NZ Business registration;
- GST returns (to validate total sales and income vs F/S);
- Employer Monthly Schedules "IR 345 & IR 348" (to see total PAYE paid and number of employees business employs);
- Business bank statements (to see deposits/withdrawals – where the funds are coming from/being used for);
- Business loan / mortgage documents (to see business long term debts)
- Contracts with suppliers / customers (past and future business activities);
- Media articles about the business;
- Referrals from business units, Local industry and Commerce
- Financial Accounts (**Profit & Loss Statement** and **Balance Sheet**)
- Letter from accountant (preferably chartered) and on letterhead)



Financial Statements – Financial data from accounting records usually in the form of two financial statements

Statement of Financial Position

A report on the financial condition of a business showing its assets, liabilities and capital as of a certain date (also known as Balance Sheet)

Statement of Financial Performance

A report of the performance of a business, showing its revenues and expenses (also known as Profit and Loss Statement or Income Statement)

Cash Flow Statement
-a report on the sources and uses of funds



About Financial Statements

Why are Financial Statements important to a business?

- You can see and measure how the business is performing.
- You can see the condition of the business in terms of its assets and liabilities and capitals of a certain date.
- An effective tool in making business decision
- For compliance with statutory bodies e.g. Companies Office, IRD etc.

Skills needed to read and analyse Financial statements:

- Basic understanding of key accounting / financial terms and their relationships;
- Basic mathematical operations (+, -, x, /, fractions, decimals, %)
- Good attention to details;
- Sound judgment and reasoning ability



Common Problems with Financial

Statements

- Information is historic (a picture of what has happened in the past, not what may happen in the future)
- You don't have all the relevant information to analyse the Financial Statements accurately
- Limited reliability
- Unaudited statements
- Incomplete information (only last statement provided, no comparison)
- Fraudulent misrepresentation (overstated/window-dressed-creating a favourable impression)



CAN YOU TRUST THE ACCOUNTS?

1. Audited accounts
2. Accounts from a Chartered Accountant
3. Accounts from an accountant
4. Accounts prepared by applicant, e.g. using MYOB/XERO

RELIABILITY
DECREASES



To verify accounts;

- Compare numbers over time
- Check against IRD benchmarks
- Ask for GST returns
- Ask for PAYE returns or Employer Monthly Schedules
- New businesses may not have financial statements yet, so GST and PAYE returns may be it!

Cannot expect a small company to provide audited accounts - expensive!!



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IF WE NEED TO REQUEST FINANCIAL DOCUMENTS, WHAT DO WE REQUEST?

Statement	What it tells us	When we ask for it
Statement of Financial Performance (Profit & Loss Statement, or Income Statement)	How much money the business is making and spending <i>(Revenue, Expenses and Profit)</i>	Always 2-3 years of worth
Statement of Financial Position (Balance Sheet)	How many assets and debts the business has <i>(Assets and Liabilities)</i>	Always 2-3 years of worth
Financial Forecast	What they think the financial position of the business will look like in the future	<ul style="list-style-type: none"> • When we have concerns on sustainability • When the business is new



TECHNIQUES OF FINANCIAL ANALYSIS

1. Comparative Ratio Analysis
2. Trend Analysis
3. Sources and uses of funds (where-got and where-gone analysis)



RATIO ANALYSIS

Basic Categories:

- **Liquidity** determines a business' ability to pay its current liabilities (debts) as they fall due
- **Profitability** evaluates a business' ability to control expenses and earn a reasonable return on its assets (resources and funds).
- **Leverage** measures the extent to which a business relies on others for its financing i.e. other people's money
- **Efficiency on activity** gives an indication on how efficient a business has been managing its assets.



FINANCIAL RATIOS/TRENDS

Types Of Ratios	Formula	Example Of Calculation	What does it mean?
LIQUIDITY RATIO: Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	$\frac{\$700,000}{\$300,000} = \$2.33$	Firm is twice more than capable of paying its immediate liabilities, based on its current assets. Very Good!
			1:1 acceptable >1:1 better <1:1 not good



FINANCIAL RATIOS/TRENDS

Types Of Ratios	Formula	Example Of Calculation	What does it mean?
PROFITABILITY RATIOS			
Return on Total Assets (ROA)	$\frac{\text{Net Profit after Tax/ Total Assets}}{\text{Total Assets}}$	$\frac{1,000}{5,000} = 0.20$ $\frac{5,000}{3,000} = 1.66$	Shows how efficient is the company in utilising its Assets to earn a profit.
Profit Margin	$\frac{\text{Net Profit before Tax/ Sales}}{\text{Sales}}$	$\frac{500}{2,000} = 0.25$ or 25% $\frac{1,000}{3,000} = 0.33$ or 33%	The higher, the better The bigger, the better



FINANCIAL RATIOS/TRENDS

Types Of Ratios	Formula	Example Of Calculation	What does it mean?
LEVERAGE or SOLVENCY RATIO			
Debt Ratio	$\frac{\text{Total Debt}}{\text{Total Asset}}$	$\frac{1,000,000}{2,000,000} = 50\%$	50% of the assets are financed by debt. The higher the Ratio, the less attractive it is or the higher the risk to the business e.g. higher interest cost.



TREND RATIOS – WHAT DOES IT MEAN?

	Year 1	Year 2	Remarks
Current Ratio	1.3	0.95	Firm's liquidity is dipping or deteriorating; not a good sign
ROA	0.25	0.39	On increasing trend, hence the use of assets to earn profit is becoming efficient
Profit Margin	0.15	0.23	Gross profit is increasing/improving. Good sign.
Debt Ratio	50%	72%	Firm is becoming highly leveraged. Debt is increasing, not good



WHAT DO WE LOOK FOR?

- What is the profit? (Look at trends) Does the business have enough profit to cover an additional salary? Do they have a profit at all? Is there gross profit (net sales - cost of sales) which becomes a loss after depreciation and deduction of expenses?
- What is the current asset/current liability ratio? (look at trends and ratios)
- Can the business manage its debts? What is its debt ratio?
- Is there a shareholder salary? (Look at trends)
- How many employees are there? What do we know from previous applications – Client contacts report? What is the wage budget? Is it similar to last year's wage expense? Can they afford additional staff?
- If business is not profitable
 - check balance sheet for spare funds in current assets
 - ask how they intend to pay applicant (additional staff)
 - Ultimately, people go into business to make money (generally) – if a business is not making a profit, it will likely eventually close

Ultimately:

- Based on financial statements & other documentation and information, is the job sustainable for the duration of the visa?





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CASE EXAMPLES / PRACTICE TEST

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CONCLUSION

- There are several ways of determining business/employment sustainability;
- Sound assessment takes into account all facts about the business; (i.e. length of operation; size of its assets; previous year's financial performance; current staff numbers and total wages spent; growth prospects, etc.);
- Assessing F/S is not an intuitive activity but with constant practice, you'll get better at it.
- To learn more, there are some modules at Learn@MBIE – Search for “interpreting financial information”





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SNIFFERS Test

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SNIFRS Test

- Designed as an alternative tool that you can use as a guide to assist in your thinking or thought process;
- First introduced at Wellington Area Office in training environment;
- Only takes 5-10 minutes to undertake “overall” health check on the business;
- Meant to assist I/O with limited knowledge or understanding of financial accounts where the focus is a holistic approach;
- Based on “scores” assigned on a set of questions. A score from “0 to 3” is given to questions on business situation, need for employment, independent documents, financial position and risk.
- If the final score is less than or equal to 8, it is deemed not acceptable hence officer to PPI; 9 to 12, I/O may request for further information and if over 13, it can be acceptable on face – no further information required.



SNIFRS Test

- Unofficial /not sanctioned by INZ
- A 5-10 minutes test meant to assist I/O with limited knowledge or understanding of financial accounts using holistic approach;
- A user assigns a score on various set of questions to determine business sustainability on a holistic level. A score of "0 to 3" is assigned to questions about the business situation; need for employment, independent documents, financial position and risk. The final score determines what the I/O can do next i.e. PPI or request for further information or accept on face that business is sustainable.
- Takes into account the information we have from the applicant as well as information that the IO knows from general knowledge.

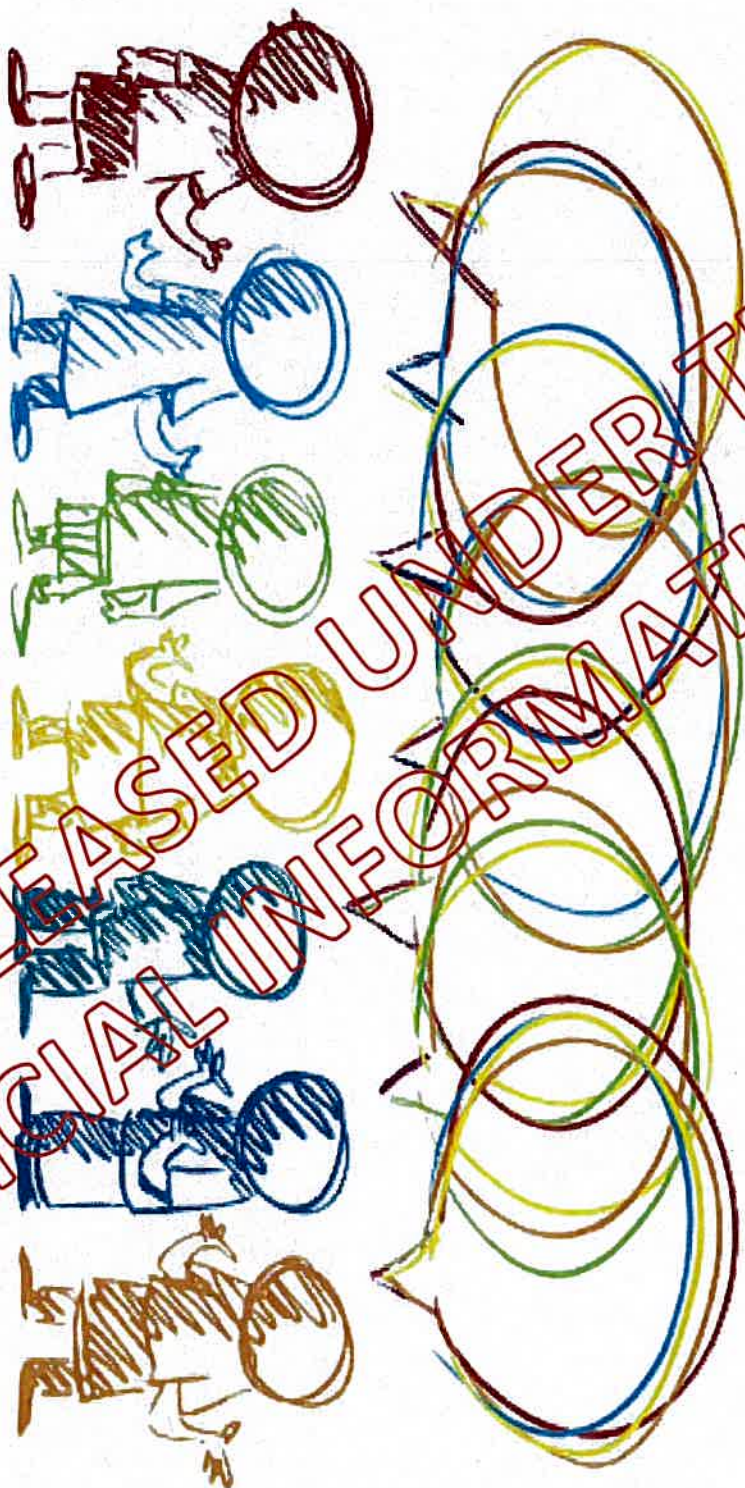


SNIFRS	Sub-criteria	Parameters		Points
		Parameters	Points	
SITUATION (Business)	A. Nature of the business	Trading or Hospitality	1	
		Govt/CTE/export/high growth industry	2	
	B. Scale of the Business	Small Enterprise (<\$1M in annual turnover)	1	
		Medium Enterprise (Between \$1m and \$5m in annual turnover)	2	
	C. Length of Business Operation	Large Enterprise (>\$5M in annual turnover)	3	
		Less than 2 years	1	
	D. Form or nature of ownership	2 to 6 years	2	
		Over 6 years	3	
	NEED	Skilled or Unskilled employment	Private family & relatives' business, staff with mostly one ethnicity	1
			Corporate equity	2
INDEPENDENT DOCUMENTS	Salary/wage level	Skilled (Level 1 to 3)	1	
		Unskilled & High Risk (level 4 and 5)	0	
FINANCIALS		Low or minimum wage	1	
		Above average wage	2	
RISK		Not Adequate	0	
		Borderline	1	
SCORE		Sufficient	2	
		Stable revenues: Net profit for 2 consecutive years; positive Equity; Reserve capital available; Well-established or known NZ businesses or industry player	3	
		Revenues decreased from previous year; Low Net profit or small Net loss; Low equity or Net Worth or low capital reserves	2	
		Significant decline in revenues; Low revenues; High liabilities vs. Net assets; Negative equity; Low or no reserve capital; Liquidity concerns	1	
		There is an alert in the AMS on employer; PA or advice relating to employers' malpractices or on genuineness of job offers; Traded as High Risk	0	
		No alert in AMS on the employer; PA or advice relating to employers' malpractices or on genuineness of job offers etc BUT application is traded as med to high risk	1	
		No alert in AMS; Employer is an accredited employer; Employment level for skilled employment	2	
		SCORE Translation:		
		Less than or equal to 8 = Not acceptable; PPL an business or employment sustainability		
		9 to 13 = May be acceptable but more information and documents may be requested		
		Over 13 = Accept on face that the business is financially sustainable		



QUESTIONS?

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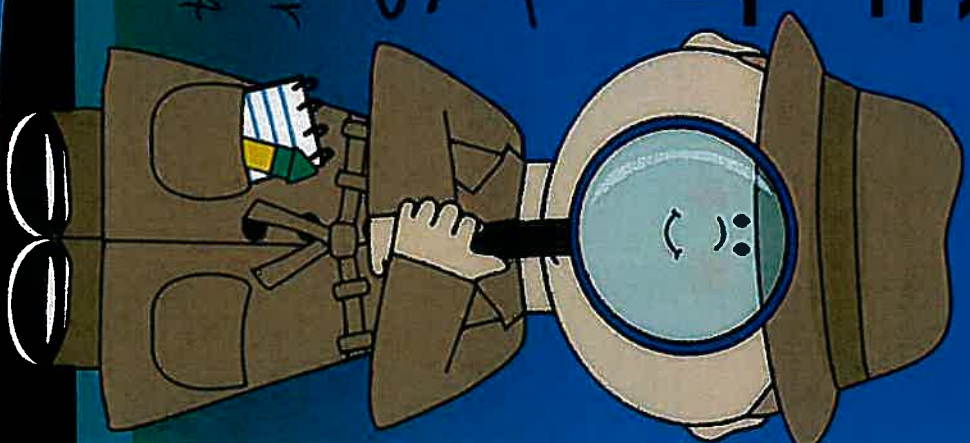
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**SIMPLE, EASY &
PRACTICAL WAYS OF
LOOKING AT
FINANCIAL
STATEMENTS**

By: Fil Ranga - Technical Advisor

14/03/2014



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WELCOME

▶ A Pleasant Good Afternoon to All!

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Training Needs?



- ▶ How to read F/S (how to determine if the business is profitable and whether income from it is sustainable)
- ▶ Clarification on settlement funds (F4.40.30.1 instructions)
- ▶ Discussion on different types of income e.g. investment income, employment income, rental income, guaranteed lifetime income
- ▶ What to look for that may alert to fraudulent documents (in terms of F/S i.e. window dressing) or possible non-sustainability
- ▶ Sharing of any case study

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Flow And Structure

- ▶ How to Read F/S 1 HOUR
- ▶ Settlement funds 15--20 MINS
- ▶ Income 15--20 MINS
 - Investment
 - Employment
 - Rental
 - Guaranteed
- ▶ Case study / Q and A 20--30 MINS

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What skills do you need to be able to read F/IS?

- ▶ Basic understanding of key accounting/ financial terms and their relationships;
- ▶ Basic mathematical operations (+, -, X, /, fractions, decimals, %)
- ▶ Good attention to details;
- ▶ Sound judgment and reasoning ability



Why Financial Accounts are important to a business?

- ▶ You can see and measure how the business is performing
- ▶ You can see the condition of the firm in terms of its assets and liabilities and capitals as of certain date.
- ▶ Effective tool in making business decision
- ▶ For compliance with statutory bodies e.g. Companies Office, IRD etc.



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BASIC DEFINITIONS:

- ▶ **Financial statements** – Financial data from accounting records usually in the form of a Balance Sheet & Income Statement
- ▶ **Balance Sheet** – A report on the financial condition of a firm showing it's assets, liabilities and capital as of a certain date
- ▶ **Income Statement** – A report of the performance of a firm, showing its revenues and expenses

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Balance Sheet Equation

(Statement of Financial Condition)

$$\text{Assets (A)} = \text{Liabilities} + \text{Shareholder's Equity (L + C)}$$

What the company owns

What the company owes to creditors and shareholders

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Assets

▶ Two types – Current Assets and Fixed Assets

Any asset that can be converted to cash within a year

- Cash – money on hand / in a bank
- Marketable Securities – money market instruments / T bills
- Trade Receivables – receivables from customers
- Inventories – trading or manufacturing goods
- Pre-paid expenses – anything you have paid in advance e.g. insurance, rent

(Non-current)

More permanent in nature not intended to be sold and if sold might jeopardise normal operation of the business

- Land & building
- Machineries & equipment
- Furniture & fixtures

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Liabilities

- ▶ Two types – **Current Liabilities & Long-term Liabilities**

Obligations payable within 1 year

Obligations payable more than 1 year

- **Accounts payable** – owing to suppliers
- **Notes payable** – owing to banks and other suppliers
- **Accrued expenses** – expenses incurred but not yet paid e.g. salaries, wages, electricity
- **Current portion of long-term debt** – portion of LT debt which is payable

- **Long-term loan** – business loan
- **Mortgage payable** – buy a building
- **Bonds payable** – IOUs and borrowings from people

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Stockholder's Equity

(Capital)

- ▶ **Common Stock** – share ownership with right to vote
- ▶ **Preferred Stock** – share ownership with no right to vote but with first crack at dividends
- ▶ **Capital in excess of par** – gains from selling share
- ▶ **Retained earnings** – profits of the business not distributed as dividends but remain in the company
 - * **Subscribe capital (authorized capital) vs. paid up capital (paid portion of subscribe capital usually 25%)**

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More Balance Sheet Equations

$$\text{Total Assets} = \text{Current Assets} + \text{Fixed Assets (Net)} + \text{Investments}$$

$$\text{Total Liabilities} = \text{Current Liabilities} + \text{Long-Term Liabilities}$$

$$\text{Net Equity} = \text{Total Assets} - \text{Total Liability}$$



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Income Statement

Gross Sales = Total of cash and credit sale

Less: Sales Returns & Allowances = Rejects or defective items

Sales Discounts = Volume sale or prompt payment

= NET SALES

Less: Cost Of Goods Sold

TRADING COMPANY	MANUFACTURING COMPANY
Beginning Inventory	Beginning Inventory
Plus: Purchases	Plus: Purchases
Less: Ending Inventory	Plus: Direct Labor
= Cost of Goods Sold	Plus: Overhead
	Less: Ending Inventory
	= Cost of Goods Sold

Continued.....

≡ : GROSS PROFIT

Less: Operating Expenses i.e. selling and general and admin expenses

≡ : Profit Before Interest & Taxes, Depreciation, Amortisation (also known as Earnings Before Interest, Taxes, Depreciation or EBITDA)

Less : Interest Expense / Depreciation / Amortisation

≡ : Profit Before Tax (PBT)

Less : Taxes

≡ : Net Profit After Tax (EAT or NPAT)



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Common Problems with F/S

- ▶ Limited reliability
- ▶ Unaudited statements
- ▶ Incomplete information i.e. don't show aging of payables / receivables
- ▶ Lack of standardisation
- ▶ Fraudulent misrepresentation (overstated / window-dressed)

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Techniques of Financial Analysis

1. Comparative Ratio Analysis
2. Trend Analysis
3. Sources and uses of funds (where-got and where-gone analysis)

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RATIO ANALYSIS

- ▶ Determining relationships between 2 quantities on a firm's F/S which is derived by dividing one quantity by another

▶ Basic Categories:

1. **Liquidity** – determine a firm's ability to pay its current liability as they become due
2. **Profitability** – evaluates a firm's ability to control expenses and earn a reasonable return on economic resources or funds committed
3. **Leverage** – measures the extent to which a firm relies on others for its financing i.e. other people's money
4. **Efficiency on activity** – gives an indication on how efficient a firm has been managing its assets

REF ID: A66094
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Financial Ratios

Types Of Ratios	Formula	Example Of Calculation	What does it mean?
LIQUIDITY RATIOS (x2): Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	$\frac{\$700,000}{\$300,000} = \$2.33$	Firm is twice more than capable of paying its immediate liabilities, based on its current assets. Very Good!
Acid-test or quick ratio	$\frac{\text{Current assets less Inventories}}{\text{Current Liabilities}}$	$\frac{700,000 - 300,000}{300,000} = 1.33$	Even you take the inventories out the firm is still 1.33% capable of re-paying its current liabilities
			1:1 acceptable >1:1 better <1:1 not good

Types Of Ratios	Formula	Example Of Calculation	What does it mean?
PROFITABILITY RATIOS (x4): Return on Total Assets (ROA)	$\frac{\text{Net Profit after Tax / Total Assets}}{\text{Total Assets}}$	$\frac{1,000 / 5,000}{5,000 / 3,000} = 0.20$	Shows how efficient is the company in utilising its Assets to earn a profit.
Profit Margin	$\frac{\text{Net Profit before Tax / Sales}}{\text{Sales}}$	$\frac{\$500 / \$2,000}{\$2,000 / 1,000} = 0.25$ or 25%	The bigger, the better
Return on Net Worth or Equity(ROE)	$\frac{\text{Net profit after tax / Net Worth or shareholder's Equity}}{\text{Net Worth or shareholder's Equity}}$	$\frac{\$1,000 / \$2,000}{\$2,000 / 1,000} = 50\%$	Shows how efficient is the company in utilising Stockholders Equity to generate profit.
Return on Sales (ROS)	$\frac{\text{Net income after Tax / Net Sales}}{\text{Net Sales}}$	See example above	Determines how efficient the firm in controlling its expenses

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Types Of Ratios	Formula	Example Of Calculation	What does it mean?
LEVERAGE or SOLVENCY RATIOS (x4): Debt Ratio Debt to Equity Ratio Capitalization Ratio Interest Coverage	$\frac{\text{Total Debt}}{\text{Total Asset}}$ $\frac{\text{Total Debt}}{\text{Total Net Worth}}$ $\frac{\text{Long Term Debt} / \text{Long Term Debt} + \text{Net Worth}}$ $\frac{\text{Profit before Interest and Taxes} / \text{Interest}}$	$1,000,000 / 2,000,000 = 50\%$ $2,000,000 / 1,000,000 = 200\%$ $1,600,207 = 7.7$	<p>50% of the assets are financed by debt. The higher the Ratio, the less attractive it is or the higher the risk to the business e.g. higher interest cost.</p> <p>Shows who is taking more risks in the business. The lower, the better.</p> <p>You are trying to find out what portion of Capital is on Long Term Debt</p> <p>The company is able to finance or cover their interest expenses 8 times from its operational income</p>

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Types Of Ratios	Formula	Example Of Calculation	What does it mean?
ACTIVITY OR EFFICIENCY (ASSET MANAGEMENT) – x3: Inventory Turnover Accounts Receivable Turnover Average Collection period	$\frac{\text{Cost of Goods Sold / Average Inventory}}{\text{Inventory}}$ $\frac{\text{Net Sales / Accounts Receivable}}{\text{Receivables / (Net Sales / 360 days)}}$	e.g. CGS = \$300k Ave inventory = 25k $300,000 / 25,000 = 12$ $365 / 12 = 30.4 \text{ days}$	<p>The higher value of inventory turnover indicates better performance and lower value means inefficiency.</p> <p>In this example, a business sells and replaces its inventory 12 times a year.</p> <p>It takes 30.4 days to sell the given inventory</p> <p>The shorter the days to make a sale, the better</p> <p>The faster the collection period, the better.</p>

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TREND RATIOS

- Trend Ratios = Comparing Ratios Yearly (if you're only relying on 1 year alone, it may not be that meaningful and reliable)

	Year 1	Year 2	Remarks
Current Ratio	1.3	0.95	Firm's liquidity is dipping or deteriorating; not a good sign
ROA	0.25	0.39	On increasing trend, hence the use of assets to earn profit is becoming efficient
Profit Margin	0.15	0.23	Gross profit is increasing/improving. Good sign.
Debt Ratio	50%	72%	Firm is becoming highly leveraged. Debt is increasing, not good

How to Validate Entries in the F/S

- ▶ Cash – no post-dated cheques; balance not distorted
- ▶ Marketable securities – ask for a listing of securities to check the Issuers & current values
- ▶ Trade receivables – should only include those that are collectables; it should be net of allowance for bad debts; amount should not include goods shipped on consignment (not yet considered sold) or accounts that have been pledged (considered sold); are the accounts in fair proportion to sales?
- ▶ Inventories – if in manufacturing, inventory should be broken down to finish goods, goods in process, raw materials, supplies. How was the amount arrived at? (Is it stock take or a guess?) How was it valued? Should not include goods receives on consignment (not owned by company); should not include obsolete stocks; does the staff move rapidly? (Compute for inventory turnover)
- ▶ Accounts or Trade Payable – should only include owing to creditors relating to the business; should not include juice to officers and stock holders or friends; is the amount smaller than inventory? (it should be otherwise business or company is speculating)
- ▶ Bank Borrowings – is the amount owing in line with the records? Are there any existing loans that are not mentioned? Compare with bank documentation supplied
- ▶ Sales – does it appear to large in proportion to capital investment? Consider the type and nature of business; as for a break down of gross sale such as returns, discounts etc.

Cont...

- ▶ Expenses – are total expenses to high in proportion to sales? Identify were the main expenses are coming from;
- ▶ Wages and salaries – are salaries of employees to high? To low? Is it correct? Is it minimum wage? Is it in line with what has been claimed e.g. 2FTE wages
- ▶ Rent – is it unusually low? High? given the business location.
- ▶ Electricity and phone bills – does it look right?
- ▶ Does the business have to have marketing/promotion expenses that high?
- ▶ Shareholder's Salaries – does the amount correspond to the amount indicated in the PA's personal tax summary?
- ▶ Is the profit/loss calculated correctly? Does this amount appear right? Were this same amount properly reflected in the IRD or tax payments?
- ▶ What entries should have or should have not been included in the F/S, in relation to the type and nature of business?

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Sources and Uses of Funds (Cash Flow)

- Cash flow analysis shows where the funds are coming from and how well they are utilised e.g. trade receivables – Yr 1 – \$1,000, Yr 2 – \$2,000 hence there is an increase of 1,000 in receivables:

Sources / Cash Receipts	Uses / Cash disbursements
Cash Sales	Cash Purchase
Collection of Receivables	Operating Expenses
Loan Proceeds	Loan Payments
Capital	Cash dividends payments
Sale of assets	Payment of A/Ps
Dividends	Acquisitions of Fixed Assets
Donation	Investments

* If sources > disbursements = good cash flow

* You don't need to calculate the cash flow for the business, you can just ask for the Cash Flow statement report from the Accountant

Pointers In Assessing F/S

- ▶ Determine the source (is it independent and reliable?)
- ▶ Quickly go over the accounting entries and figures
 - Check the addition / subtraction, you'll be surprised that in some cases, they don't tally
 - See what entries are included or excluded that doesn't appear normal
 - Take note of the unusual highs and lows (vis-à-vis type and nature of the business / industry)
- ▶ Perform a ratio analysis and compare across F/Y (what do these tell you?)
- ▶ Look at the emerging trends within the accounts and across F/S
- ▶ Lastly, compare the information on F/S with the other business documents supplied e.g. GST records, invoices, ledgers, tax account records, Companies Office Register record, business bank statements, Employer Monthly records, PAYE records to check if the information in the provided F/S stacks up

The END

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On Types of FUNDS



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SETTLEMENT FUNDS



	Parent Retirement (F3.5a.iv / F3.15)	Parent Category (F4.30.10)
Aim & Intent	To demonstrate PA has the ability to support themselves & their partner during the 4-Year investment period	(Whilst not stated, it is intimated that this is also the underlying reasons for this category)
Amount	\$500k (in addition to the required investment funds of \$1.0M to be retained in NZ for 4 years)	\$500k
Transfer requirements	Not required (the investment funds are)	Required. Must be transferred within 12-18 months
Source or Origin of Funds	Settlement Funds can be located offshore or onshore	Offshore only
Ownership	Solely or Jointly-Owned	Same

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Types of Settlement Funds

- ▶ Current Assets (Cash, Securities, Receivables, Pre-paid assets, etc.)
- ▶ Fixed Assets (Land, Building, Machine)



* For Parent Category, because funds need to be transferred to NZ, it would be best to have the assets in a more "liquid" state as possible. However, this is not to say that real properties are not acceptable.

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Types of Documents for Settlement Funds

For bank deposits:

- ▶ Bank Certificate of Balance (This document should have the name of the account holder/owner, the date it is issued, the signature of the bank manager and the original bank stamp)
- ▶ Three months bank account statements

For Real Property:

- ▶ House Title Information Search issued by a local Municipal Registration Centre for Real Estate Property Rights (*This document is particularly useful to BRS when assessing property as investment funds because it shows all the properties owned or previously owned by the applicant. It also indicates if there is a current mortgage on the property and confirms the declared capital gains from the property trade.*)



Cont...

- ▶ Property ownership certificate
- ▶ Certificates of Tax Payments issued by the local Taxation Bureau and the State Taxation Bureau (This document is needed as it confirms the annual business income tax and the breakdown of business taxes paid by the applicant over the years).
- ▶ Sale and Purchase Agreement for the real property (This will show when and how much the property was originally acquired and the parties involved in the sale)
- ▶ Registered Valuation Report of the property (This will confirm the current value of the assets being nominated and together with the Sale and Purchase Agreement and tax records, the BIS will be able to determine how much did the PA earn in capital gains since it was purchase. This will also support the lawful acquisition of funds)
- ▶ Loan Agreement/ Mortgage documents/ Statement of Loan balance, if the nominated assets have an encumbrance (This is required for determining the net value of assets being nominated)

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Cont.....

- ▶ For Shares/Stocks:
- ▶ Shareholding certificate / contract notes
- ▶ Stock valuation report done by CPA which outlines/summarises the principal and the gains/growth in stock over the years
- ▶ Stock Trading Report/transaction history in the last 2 years
- ▶ Dividends payment record
- ▶ Bank records where dividend payments are made

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Sources of Income

- ▶ Rental Properties
(Res / Commercial, Farms)
- ▶ Investment (bonds / shares)
- ▶ Employment
(Fixed / Permanent / Casual)
- ▶ Business Profits or Sale of
Business
- ▶ Pensions
- ▶ Gifted Funds

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Types of Income

- ▶ Regular Fixed Income e.g. permanent employment
- ▶ Regular Variable Income (on commission basis)
- ▶ One-off income
- ▶ Guaranteed Income e.g. pensions

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Guaranteed Lifetime Income

- ▶ Annual income that is paid to a person indefinitely (F4.30.5)
- ▶ Key words:
 - Guaranteed
 - Stable
 - Will be paid to the person indefinitely
- ▶ 1 applicant - NZD27,319/year
- ▶ 2 applicant - NZD40,084/year

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Evidential Requirements

(Guaranteed Income) - F4.40.30.1

- ▶ Pensions that will be paid to the PA indefinitely including during any time that they will be NZ residents or citizens; **OR**
- ▶ Other stable income paid to PA indefinitely including during any time that they will be NZ residents or citizens

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Observations on “Guaranteed

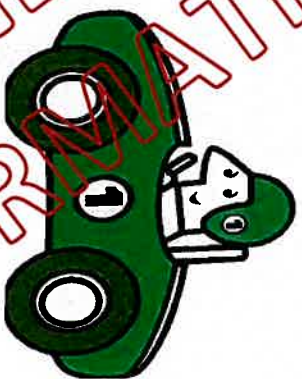
Income”

- ▶ It would appear that government pensions or private superannuation are the “closest” type of income that would fit into this framework, given that it’s guaranteed, stable and will be paid indefinitely (at least for some indeterminate period down the track);
- ▶ Claims on say, business income as being equally acceptable under the instructions (F4.40.30.1) would appear to be an uphill battle given that business income by its very nature, is more prone to changes in business conditions, economic uncertainties, etc., hence not as “guaranteed, stable and indefinite” unlike Gov’t pensions.
- ▶ A check with Wellington branch revealed that there is not many applications received to date whose claims are based on “guaranteed income”. Majority are based on Sponsor’s Income.
- ▶ That said, officer must always keep an open mind in considering other stable form of income apart from the usually accepted pensions. A test of whether the income is able to endure for an indeterminate period of time should be applied.

CONFIDENTIAL
REVIEW OFFICER



THE END!



▶ **Thank You All
for Listening!**

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Question and Answer

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Induction Pathway

Immigration Officers

The Induction Learning Pathway and Employee Welcome Booklet support your induction to the Ministry of Business, Innovation and Employment. Use this pathway to help manage your role specific induction activities into Immigration New Zealand (INZ). The order and timing of these activities is a guide only, but it is important that you attempt to complete them within the suggested timeframes.



NEW ZEALAND
IMMIGRATION

Week one

In week one, you will learn how we do things at Immigration, get familiar with our systems, and find out where to find policy and procedure information. Your Buddy or Manager will talk to you about Designation Training, which you will complete over the next month.



Find out from your Manager or Buddy how INZ & your office operate

- Targets
- How workflow is managed
- Quality measures and processes
- The Visa Services Operating Model
- The roles of different staff across your office



Learn about the INZkit, how to access it and what you will find in it

- INZ Processes
- IGMS
- Verification Toolkit
- Operational Manual
- Application Management System – AMS (under Resources tab)



Plan your Designation Training with your buddy

- Meet to discuss what you need to do when
- Plan your coach-led learning or workshop attendance
- Start online learning modules

Week two

During week two, you will continue to learn the technical aspects of your role and complete your Online Designation Training. You will also start to build your skills and experience by observing ODS team members.



Online Training

- Continue online Designation Training (Some offices may start coach-led learning)
- Complete online PSI and Verification training



Discuss with your buddy

- AMS
- Associated applications
- Paperless applications
- Template system
- Template letters
- Template assessment notes
- Labels
- Label Management
- Security
- Formatting



Observation and application processing

- Observe experienced team members doing their jobs
- Start to pick up processing and apply your learnings, with support

Week three

In week three, you will start the coach-led part of your Designation Training. The rest of your time will be spent observing experienced team members and applying your learning.



Designation Training continued

- Coach-led learning
- Depending on your role and office: Temporary Entry and/or Residence Class Visa applications



Observation and application processing

- Observe experienced team members doing their jobs
- Continue to pick up processing and apply your learnings, with support

Week four

By the end of week four, you should be ready to complete your Designation Training assessment. You may also go solo in some areas of your role. Your buddy will still support you as you build skills and experience.



Complete your Designation Training Assessment online

- Assessment (combined, temporary, or residence, depending on your role)



Observation and application processing

- Observe experienced team members doing their job
- Continue to pick up processing and apply your learnings, with support

Weeks five to eight

Quality Decision Making Programme
Meet with your Coach/Buddy to plan and begin:

- Coach-led learning
- Online learning

Key

 eLearning

 Meeting

 Explore and find

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First Day:

DATE: 11 December

9.00am Porrua Building
Branch Overview, Meet & Greet, House-Keeping, Introduction to the week ahead,

10:30am Safety and Wellbeing (by Theo or Tiffany-Safety Representative)

12.00pm Lunch

1:30pm Entrepreneur Category training (c/- Fil Ranga/Steffan/Mathew, TA)

- Overview of the Entrepreneur Category
- Two categories explained/differentiated
- Process Flow for an Entrepreneur application
- Requirements under each category type

3:00 pm Spent time with Buddy

- Looking at actual case files
- Feedback from IPT & Q3
- Legal opinions

There may be some changes in the schedule stated below but should things change, Lautalie will be informed accordingly.

Second day:

9.00 am – 11 am Locking into Chinese documents

- Understanding the China market
- Familiarisation with China documents
- Common issues involved
- Mitigating the risk (verification)

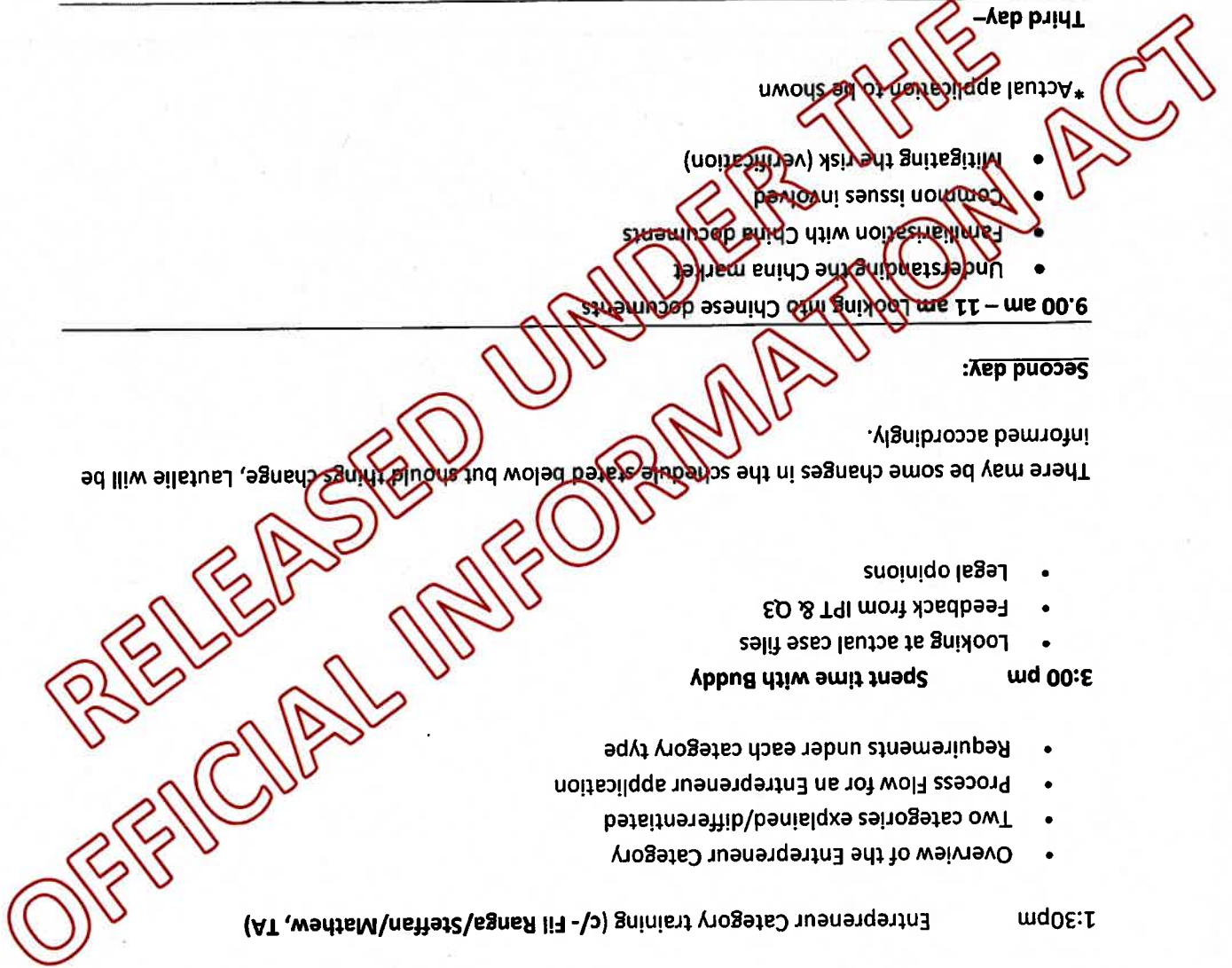
*Actual application to be shown

Third day-

9:00 – 11 noon – BMB Verification

- Background – The what, why, when and how?
- Current status / Findings
- Plan moving forward
- Templates and information required

1:30 – 2:30 Quality System (2pc checklist etc.)



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**REMOVING
SECTION 49(1)
CONDITIONS FOR
ENTREPRENEUR
RESIDENCE
APPLICATIONS**

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WHAT ARE SECTION 49(1) CONDITIONS?

49 Visas may be subject to conditions

- (1) Every visa other than a permanent resident visa is subject to such conditions (if any) as may be—
- (a) in the case of resident visas, specified in residence instructions relating to visas of that type, being the instructions applicable at the time the application for the visa was made;
 - (b) in the case of temporary entry class visas other than visas subject to restricted temporary entry instructions, specified in temporary entry instructions relating to visas of that class or a type of visa within that class, being instructions applicable at the time the visa was granted;
 - (c) in the case of temporary entry class visas subject to restricted temporary entry instructions, specified in temporary entry instructions applicable at the time the application for the visa was made;
 - (d) in the case of transit visas, specified in transit instructions applicable at the time the visa was granted;
 - (e) imposed by the Minister or an immigration officer under section 50, 51, 52, 53, or 54;
 - (ea) imposed by section 55;
 - (f) imposed by or under any other Act.

Section 49(1) of the Immigration Act 2009 gives INZ the ability to impose conditions on resident visas.

WHAT ARE SECTION 49(1) CONDITIONS?

Some examples of Section 49(1) conditions on resident visas include:

- Under the Skilled Migrant Category, if an applicant receives points for having skilled employment outside the Auckland region they may receive a resident visa with Section 49(1) conditions to ensure that they remain in that employment for a period of time after the grant of the resident visa.
- Under the Investor Categories, an applicant will receive a resident visa with Section 49(1) conditions to ensure that they retain their investment in New Zealand for a period of time after the grant of the resident visa.

Applicants must prove to INZ that they have met the conditions in order to have them lifted. Having Section 49(1) conditions lifted is one of the requirements for a Permanent Resident Visa.

WHAT ARE SECTION 49(1) CONDITIONS FOR ENTREPRENEUR RESIDENCE?

Applicants can apply for an ERV on the basis that they meet the requirements of the ERV category, and that they have operated their business for 2 years.

Applicants can also apply for an ERV on the basis that they meet the requirements of the ERV category, and that they have operated their business for 6 months, created 3 jobs for New Zealand citizens or residents, and invested \$500,000 into their business.

Applicants applying under the "6 month category" will have Section 49(1) conditions imposed on their resident visas if their applications are successful.

WHAT ARE SECTION 49(1) CONDITIONS FOR ENTREPRENEUR RESIDENCE?

Section 49(1) conditions for ERV applications are:

- the principal applicant **must be self-employed in the business for a minimum of two years** (including the time spent operating the business while holding an Entrepreneur Work Visa); and
- the principal applicant **must retain the investment and maintain the new full time jobs created in the business**, employing people under these conditions for a minimum of two years (including the time spent operating the business while holding an Entrepreneur Work Visa); and
- the principal applicant must inform the nearest branch of INZ of any changes of their New Zealand address during the period that the conditions have been imposed on their resident visa.

WHAT DOES INZ HAVE TO DO?

INZ is required to write a letter to applicants informing them of what their conditions are, what they need to do to have the conditions lifted, and what the time frame for this is. In order to do this, it is important that INZ knows when the conditions will be due to be lifted.

Time spent on an Entrepreneur Work visa counts towards the two year requirement.

If an applicant:

- First became self-employed in their business on 01 January 2017
- Finished investing their \$500,000 on 01 February 2017
- Employed their third employee on 01 March 2017
- And was granted residence under the 6 month ERV category on 01 August 2017

When would their Section 49(1) conditions be due to be lifted?

What about an applicant who:

- First became self employed in their business on 01 January 2017
- Hired their three employees as of 01 April 2017
- Finished investing their \$500,000 on 01 May 2017
- Had one employee resign on 01 June 2017
- Hired a new employee on 01 September 2017
- And was granted residence under the 6 month ERV category on 01 October 2017?

WHAT DOES INZ HAVE TO DO?

The letter INZ sends with the grant of the resident visas must state the date on which the conditions are due to be lifted. This letter should note that this date is subject to the self-employment, maintenance of the investment, and employment being constant.

INZ is also responsible for sending a reminder letter to advise the applicant that they need to provide evidence of meeting the conditions. This reminder must be sent 3 months prior to the conditions being due to be lifted.

We keep a spreadsheet in which all approved 6 month ERV applications are recorded, so that we can send these reminders.

The applicant must provide the evidence that they have met the conditions (the request for the removal of conditions) no later than 3 months after the conditions are due to be lifted.

RECEIVING A ROC REQUEST

When you receive a request for an ROC, it should have been raised in AMMS under 'Visa, Resident, Removal of Conditions'. The applicants should all be on the application, and the documents should be in a numbered folder.

You should access the ROC spreadsheet and update the date when the ROC was received and note yourself as the processing officer.

Treat the ROC like a normal application and send an allocation email to the advisor or client. Let them know that you'll make an initial assessment of the documents and that you will contact them if you require any further information.

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HOW TO ASSESS AN ROC

The assessment template will guide you through the assessment of an ROC.

The first section involves you going into AMS and finding details of their business, their proposed plan, and the date which they were due to apply to have their conditions lifted.

The first instruction the applicant must meet is BH7.10.5(b), which states that the request must be made no later than 3 months after the conditions are due to be lifted.

If an applicant's conditions are due to be lifted on 01 January 2018, they must submit their request by 01 April 2018. If the date the conditions are lifted has changed (e.g. if there was a 3 month period where they only had 2 employees) they must submit their evidence no later than 3 months after the new date (i.e. in this case, by 01 July 2018).

HOW TO ASSESS AN ROC

The next part of the assessment is determining that the applicant has been self-employed in their business for 2 years. You do not need to re-check the time on the Entrepreneur Work Visa, as they have already been granted residence on the basis that they were self-employed in their business for at least 6 months.

Work out what the remaining time is - find out when the ERV case officer was satisfied that they began their self-employment and count how many months are between that date and the grant of the ERV. You then need to be satisfied that they have been self-employed after the grant of the ERV to make up the 2 years in total.

For example, an applicant was first self-employed in January 2016. They applied for their ERV in July 2016, after they had been self-employed for 6 months. The ERV took 4 months to process, and was granted in November 2016. When the ERV was granted, the applicant had therefore been self-employed for 10 months. The ROC officer then needs to be satisfied that the applicant has continued to be self-employed for 14 months after the ERV was granted.

HOW TO ASSESS AN ROC

The applicant should submit documentary evidence of their self-employment (i.e. their active, full time involvement in both the management and the operation of the business).

The assessment template gives some examples of the types of evidence which they might provide, but this varies between different types of businesses and will be unique to each application.

The evidence should span the full period of time (e.g. in the previous example, the full 14 months).

You can also conduct verification and talk to the applicant about their involvement in the business to gather more information.

HOW TO ASSESS AN ROC

The next part of the assessment is determining that the investment made in the business has been retained for 2 years. Again, you can safely assume that the investment was made at the time the ERV was granted, so you only need to ensure that it has been maintained since then (and only for 2 years since it was first invested).

Find out how the money was recorded at ERV stage (e.g. was it share capital, or recorded in the shareholder's current accounts?). Check that the funds remain in the same place at the 2 year mark.

Find out what the investment was made up of (e.g. was it fixed assets, stock, had it been spent on operating expenses?). Check that those assets are still in the business, and that the closing stock at the 2 year mark is the same or greater as what was approved at ERV stage.

HOW TO ASSESS AN ROC

The last part of the assessment is determining that the employment which was created has been maintained for 2 years. This 2 years is from the date the last employee was hired and only months where all 3 employees were working in the business are counted (i.e. if an employee resigns and there is a gap of 2 months until a new employee is hired, those 2 months do not count towards the 2 years).

Only full time, permanent jobs (although these can be made up of part time, permanent jobs) for 30 hours per week for New Zealand citizens or residents can be considered.

There is a helpful table at the end of the ROC assessment template which you can use if the business has had several changes in employees or it is difficult to tell whether there have been 24 months where the business has maintained employment for 3 employees.

A NOTE ON EVIDENCE

There is a specific requirement for ROCs that any evidence which is submitted to demonstrate that the applicant has met their conditions (i.e. to show they have been self-employed and that the investment and employment has been maintained).

BH7.10.10(c) states that the evidence to prove that the applicant has met their conditions must be produced by a reliable agency or professional (e.g. a solicitor or chartered accountant) who is independent both of the business and the applicant's immigration adviser or lawyer.

Please note that this requirement is included in residence instructions and therefore cannot be disregarded.

WHAT TO DO IF CONDITIONS ARE MET

If you finish assessing your ROC and are satisfied that the conditions have all been met, you can remove the conditions.

To do this, you complete the determination tab and submit your ROC for 2PC. If it is returned with no changes, you can approve the application in AMS and write a letter informing the client that their conditions have been lifted and they can apply to INZ for a permanent resident visa when they are ready.

You will need to put an AMS note in the ROC application saying that the conditions have been lifted, and put the same note in each applicant's personal client notes.

Send the application number to your Immigration Manager in an email to ask them to red hand the application to finalise it.

WHAT TO DO IF CONDITIONS ARE NOT MET

If you finish assessing your ROC and are not satisfied that the conditions are met, the first thing you are required to consider is whether this failure was beyond the control of the applicant.

BH7.10.10(b) states that if the applicant fails to retain their investment and/or the employment, a business immigration specialist may consider, on a case by case basis, whether the failure was beyond the control of the principal applicant (e.g. unforeseen economic conditions) and, if satisfied that this was the case, may consider the conditions met.

Please note that this does not apply to the requirement for self-employment.

WHAT TO DO IF CONDITIONS ARE NOT MET

If you are not satisfied that the failure was beyond the control of the applicant, you then need to write a PPI letter to ask the applicant to comment.

Based on the response, consider once again whether the failure to meet conditions was outside the control of the applicant. If you are still unsatisfied, you will need to decide whether an office referral is appropriate, or whether the applicant should be declined.

Submit your work to 2PC before proceeding.

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WHAT TO DO IF CONDITIONS ARE NOT MET

Once the Section 49(1) assessment has been completed and you have decided that the applicant has breached their conditions, you then need to decide if there are mitigating circumstances that would justify us recommending that the Minister or a Delegated Decision Maker (DDM) grant this applicant a further resident visa with Section 49(1) conditions or cancel the Section 49(1) conditions. These referrals are sent through Resolutions.

DDMs are able to sign off on minor breaches such as not meeting the requirements by a few days. The Minister would look at cases where there were substantial breaches, but we still considered there were sufficient mitigating circumstances to justify cancelling deportation and granting a further resident visa as an exception to instructions.

Your TA can help you with a Ministerial/DDM referral.

WHAT TO DO IF CONDITIONS ARE NOT MET

If an applicant fails to meet their Section 49(1) conditions they may be made liable for deportation if:

- They are in New Zealand on either a valid resident visa or a temporary visa
- They are out of New Zealand and hold a resident visa with travel conditions that have not expired.

If an applicant is out of New Zealand on an expired resident visa (i.e. no valid travel conditions) then they cannot be made liable for deportation.

In cases where the applicant is out of New Zealand and has an expired resident visa (i.e. no valid travel conditions) then we might still refer it to the Minister or DDM if we consider there are sufficient mitigating circumstances to justify re-issue of a further residence class visa. If we do not think there are mitigating circumstances and they are out of New Zealand and hold no valid resident visa then we don't refer it. We simply complete everything in AMS and then put in a Branch Alert in AMS for each applicant, noting that they have failed to meet their Section 49(1) conditions and are now not eligible for any VOTC, SSKV or PRV.

WHAT TO DO IF CONDITIONS ARE NOT MET

If an applicant breaches their Section 49(1) conditions, there are no mitigating circumstances, and the applicant is in New Zealand with a valid resident visa we can refer the case to Resolutions to resolve with a possible deportation liability notice or other adverse action.

Your TA can also help you with this referral.

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Exercise 1 - (Test your instinct – in pairs or as a group)

Below are ten practical situations that you may encounter. Decide whether (First), you will have to request more financial documents to be able to make a decision and why. (Second) Based just on the information given, are you likely to accept that the business is financially sustainable or not?

1. Employing entity is a known large multinational company based in Auckland employing 2,000 staff. Hiring 1 additional staff.
2. The AMS record showed that the employer was recently granted employer accreditation. No financials provided but referred you to the recent application.
3. Applicant employer submitted a letter from KPMG confirming that the company is in good financial position and had posted decent profit in the last financial year.
4. Company is a small trading business in Hamilton with limited years of operation. They supplied 5 months GST ended Oct 2016 with total sales reaching \$400k.
5. Business is a family-owned farming entity in Waikato which has been in operation for 25 years. They currently employ 45 workers. Business suffered a loss this year but had been consistently profitable in the last 7 years. They are replacing 1 staff.
6. Small plumbing business in Wellington who secured a multi-million contract with local council. Didn't provide financials but submitted copy of contract, operating for 12 years.
7. Medium-size company in Christchurch whose owner is a known local businessman. Provided 2 years financial statements ended 2015 showing consistent profits. However, there was a news article saying company is into liquidation. Owner signed a letter saying he has no problem paying staff as his other 2 companies will shoulder the salaries and wages of existing and new staff.
8. A franchise business providing lawn-mowing services in Bay of Plenty is looking into expanding its services to the lower North Island. They supplied prospectus and investment statements indicating the business started 2 years ago and has now grown to 7 branches. They are looking into hiring 8 more staff.
9. A government entity that employs 3000 staff who announced they will be making 290 staff redundant this Christmas.
10. Company is into construction industry and have been recently granted employer accreditation and a year before that an Approval in Principle. They also have pending labour-hire accreditation.

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Exercise 2 (Down to specific details with sample F/S)

- A). List down 5 things that you first notice at first glance when you see the financial statements.
- B). Calculate the Profitability, Solvency and Liquidity in Scenario 2. How is the company going in general? Are you likely to approve or decline the application?

Advice to Business Migration

Context

Business Migration has issued numerous PPI letters to applicants applying for Entrepreneur Residence on the basis that they are not living together with their partner included in the application (one of the four elements under F2.30). The PPI letters mentioned that they could withdraw the secondary applicant (partner). However, Immigration Regulations now prevent any included secondary applicants from being withdrawn during processing, regardless of the date the application was lodged.

Advice

Firstly the four elements described under F2.30 should be assessed both independently and together to determine if the couple is living together in a partnership that is genuine and stable:

In regards to being satisfied with all elements under F2.30, except living together, the Business Migration Specialist should issue a PPI on the basis that the principal applicant and partner must be living together unless there are genuine and compelling reasons for any period(s) of separation.

The PPI should reference the above instruction and invite the applicant to provide sufficient proof (from documents, other corroborating evidence, or interviews etc.) as to why they are currently not living together. It's crucial to include that the onus of satisfying a Business Migration Specialist that the partnership is genuine and stable lies with the principal applicant and their partner.

Upon receiving a response, the Business Migration Specialist should consider a range of factors such as, but not limited to the below when determining whether there are genuine and compelling reasons for the couple to be living apart:

- Either partner's family, education or employment commitments:

For the above bullet point you should consider whether it is plausible that the above situation(s) required the partner to remain offshore.

The duration of the partnership and the length of time the couple has spent apart:

For the above bullet point you should consider the total duration of the relationship, how long had they previously lived together and how long have they been apart, their movements (e.g. how often they visited each other over that period of separation) and how often they kept in contact. This should then be considered in combination with the reasons they provided as to why the partner remained offshore.

- The extent to which the couple has made efforts to be together during the time apart:

For the above bullet point you should consider their movements, any travel they may have done where they connected internationally (such as a holiday etc.), the amount of time they spent together while residing in the same country. You can also consider factors such as their ability to financially afford to fly to each other. This should then be considered in combination with the

reasons they provided as to why the partner remained offshore, how long they have been together and the time overall spent apart.

Note that there is no threshold as to what is considered genuine and compelling reasons and therefore it is up to the Business Immigration Specialist to be satisfied with the proof supplied. Essentially this means that is up to the Business Immigration Specialist to weigh and balance the reasoning and evidence provided to conclude if it's a satisfactory reason to not be living together.

Process

In the first instance, Business Migration should make contact with the applicant/advisor and retract the PPI letters issued (void them).

Issue new PPI letters in line with the above advice. In the interest of customer service it might be best to explain why you have done this (explain the immigration regulations prevent applicants from being removed during processing and Business Migration previously provided incorrect information about being able to withdraw them).

Assess the reasoning/evidence provided and make a decision.

Things to consider before declining

If you are not satisfied that they meet FZ.30, consideration should be given to raising a 'Sensitive Issue' especially if it's a successful business which could result in a loss of jobs for multiple New Zealanders or impact the New Zealand economy (or a particular region) negatively.

If you are not satisfied that that they meet FZ.30, an Office Referral for an exception to instructions may be submitted should you think that the overall benefit (contribution to New Zealand, the businesses context etc.) outweighs declining the application.

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<p>Document synopsis</p>
<p>Certificate of Incorporation A certificate of incorporation is a document from the Companies Office website https://www.companiesoffice.govt.nz/companies it is a printed out document that can be obtained when you search the company's name in the register. The certificate of incorporation should provide the following details:</p> <ul style="list-style-type: none"> - The Business name - The Companies Office number - The NZBN number - The date of incorporation <p>Other useful information that can be provided:</p> <ul style="list-style-type: none"> • The breakdown of what percentage of shares the shareholders own • The names of all of the directors
<p>Deed of lease for the business premises:</p>
<p>Financial statements of the company: 2 Year category: We require financial statements from the last 2 or three financial years of business operation (whichever is applicable). This refers to the financial statements ended 31 March 2015, 2016 and 2017. Please note: we may require financial statements in accordance with the years of business operation. For example if the business started operating in September 2016 we could ask for financial statements from September 2016 - year ended 30 September 2017. 6 month category: We require financial statements from the latest 6 months of operating or if the business has been operating longer, a financial statement that reflects the length of time the business has been operating.</p>
<p>Business bank statements We require business bank statements from all business bank accounts, savings and current accounts. We require business bank statements from the time the business first began operating till the date of lodgement.</p>
<p>Business invoices These can include invoices of purchases or sales made by the business.</p>
<p>Business contracts: A contract between the PA's business and other businesses. This could include contracts with other businesses to allow the PA's company to export their goods.</p>
<p>Staff employment agreements and evidence of immigration status: Staff employment agreements should be provided for all current and previous staff. We also require the copies of the immigration status of all of the previous and current employees. If a new employee is hired during the assessment process, the PA is required to inform us and send us their employment agreement and a copy of their immigration status.</p>
<p>Employer monthly schedules: Inland Revenue official documentation with a breakdown of the employees and how much they have been paid and the tax paid, for each month the business has been operating.</p>
<p>Registrations for business activities</p>
<p>Export documentation: Ministry for Primary Industries official issued export documentation and registration documentation. The MPI website guidelines should be followed - https://www.mpi.govt.nz/exporting/</p>

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The export documentation can include (but is not limited to):

- MPI exporter registration certificate
- Risk Management Programme
- Bills of Lading
- Certificates of Origin
- Export eligibility statements
- Health certification for export certificates
- Laboratory reports
- Certificates of analysis
- Packing lists
- Customs documentation
- E-Cert to apply for export eligibility approval
- Permission from supplier/manufacturer

GST reports: Inland Revenue official documentation print outs with a summary of the GST received and paid by the business. If the business is an exporter, there will be figures in the zero-rated supplies section of the GST reports.

Agreement for purchase of the business: The agreement of sale and purchase of the business that the Principal Applicant is proposing to buy and continue operating. This needs to be signed and dated.

Examples of marketing: These can include, newspaper clippings showing the business being advertised, business website, business Facebook page, flyers used to promote the business, and any other form of promotion or advertising used.

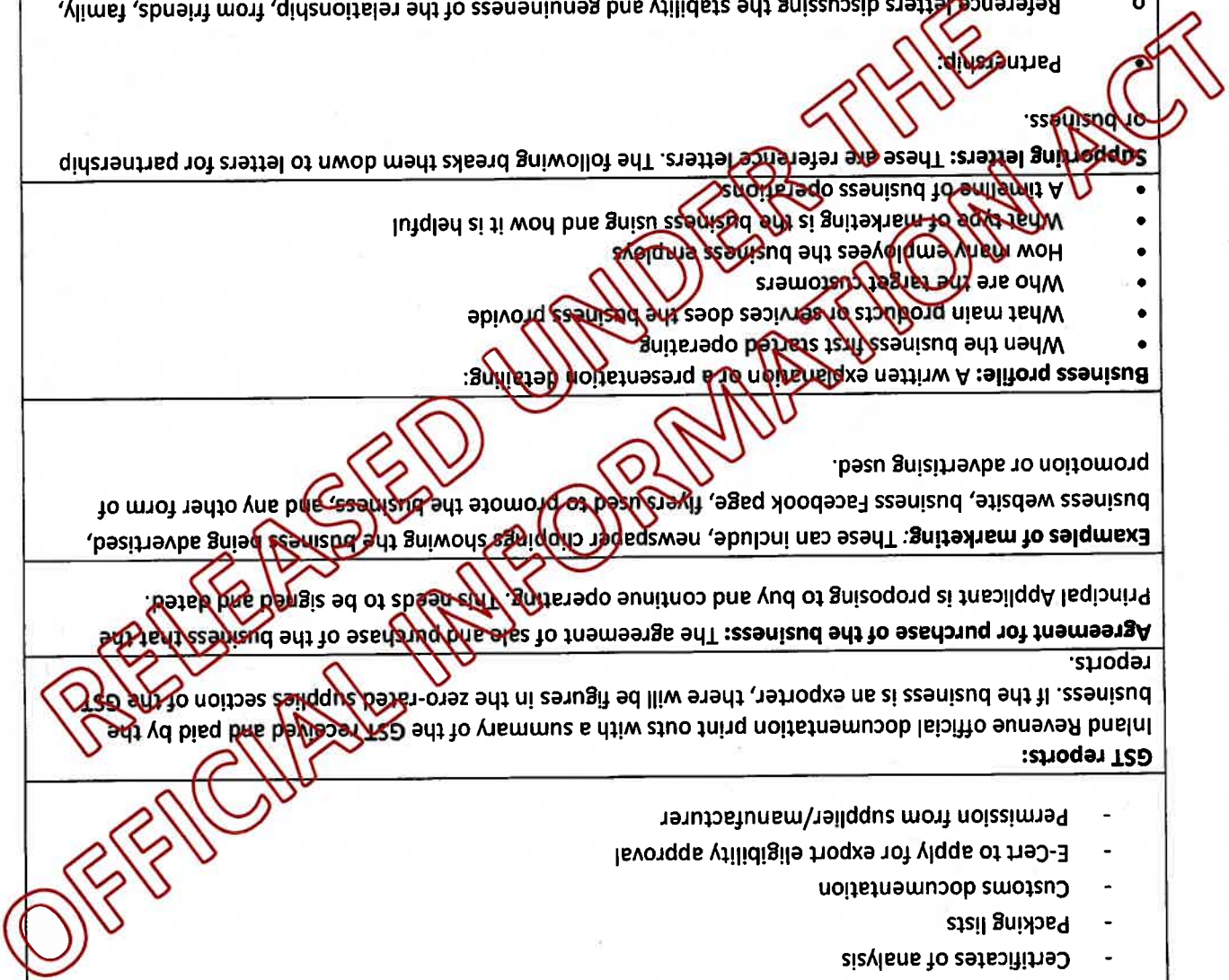
Business profile: A written explanation or a presentation detailing:

- When the business first started operating
- What main products or services does the business provide
- Who are the target customers
- How many employees the business employs
- What type of marketing is the business using and how it is helpful
- A timeline of business operations

Supporting letters: These are reference letters. The following breaks them down to letters for partnership or business.

- Partnership: Reference letters discussing the stability and genuineness of the relationship, from friends, family, neighbours and anyone who has known the couple, as a couple, for a sufficiently long period of time.
- Business: Reference letters confirming the existence and operation of the business from trading partners, customers, or suppliers

Business and stock photos: Photos of the business premises, employees carrying out their duties at the business premises, customers at the business if it is a retail business, and photos of the stock.



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<p>Funds transfer evidence (overseas to NZ): Fund transfer evidence (overseas to NZ): Bank statements of the account that the money is transferred from (highlighting the transaction showing the transfer), bank statements of the account that the money is received into (highlighting the transaction showing the receipt), and currency exchange rate documents.</p>	<p>Summary of business operation This can be a personalised document from the PA or advisor describing the different stages the business has gone through from the beginning to the date of lodgement. This can include date of incorporation, date the business first opened its doors to customers, the date when the business first hired an employee.</p>
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GST Returns

1. Does a business have to register for GST?

A business must register for GST if its business turnover (total revenue before GST)

- is \$60,000 or more or
- is expected to be \$60,000 or more in the next 12 months

Maybe – If the business is not likely to turn over \$60,000 or more, it is up to the owner to decide whether to register or not.

Why would you voluntarily register? One benefit is the ability to claim a GST refund i.e. business has lots of expenses but not much income.

2. Is it only companies that has to register for GST?

No – as long as a sole trader, contractor, partnership or company earns more than \$60,000 in 12 months they must register for GST.

3. What must the business do if it's registered for GST?

- it must prepare regular GST returns i.e. either
 - > Monthly or
 - > Two-Monthly or
 - > Six-Monthly (only available if total sales is less than \$500,000 in the last 12 months or unlikely to be \$500,000 in the next 12 months)

Most small businesses choose to file 2-monthly or 6-monthly.

- Must include GST in the prices of goods it sells or services it provides (except goods it exports) (The current GST rate is 15%).
- It must decide the accounting basis on which the GST return is completed

Accounting basis

Who can use it
A registered person can use this basis if:

- the total amount of sales in the last 12 months was \$2 million or less, or
- the total amount of sales is unlikely to be more than \$2 million in any 12-month period

for managing cash flow because you only pay (RD) the GST when you receive payments from customer and you only claim GST for purchases you paid for).

GST to include in Returns

Sales and Income
Only include sales for which the business has actually received payments from the customer as at the end of period for which the GST return is being prepared

Purchases and Expenses
return is being prepared

Only include purchases and expenses the business has paid as at the end of period for which the GST return is being prepared.

As at the end of period for which the GST return is being prepared include:

Sales and Income

All sales the business has issued an

Now that you know the due dates, check the business bank accounts to see if the GST has been paid on time (if payment is due to IRD).

next working day.

➤ If the due date falls on the weekend or a national public holiday, the due date is the b) 31 March, the GST return and payment is due to IRD on 7 May.

a) 30 November, the GST return and payment is due to IRD on 15 January of the following year.

There are 2 exceptions to the above. If your GST return is for:

➤ GST returns are due to IRD on the 28th of the month following the end of the GST return period. E.g. The GST return is for the period 30 September, the GST must be filed and paid to IRD by the 28th of October.

Things you should know:

- Check to see if the GST amounts are appearing on the business bank statements. If the business had GST to pay, check that IRD has been paid this amount. If the business is due a GST refund, check the refund amount has been credited into the business account.

statements for the same financial year.

iv. Compare the total from (ii) above to total sales reported in the financial

for the financial year as per the GST returns and

iii. Repeat this for all GST returns filed in the financial year to obtain Total sales

returns

ii. Then add D to amount in Box 6 (zero-rated sales) = Total sales as per GST

[C-(C x 3/23)] where C is Total sales from Box 7 = D (GST exclusive amount)

formula

i. Take amount in Box 7 and Calculate GST exclusive sales amount using this

financial statement is zero rated to calculate the GST inclusive portion of the sales)

sales in the Financial Statement (as we not know how much of the reported sales in the

it is easier to use the GST exclusive sales to compare the sales from GST return to the

rated income will not have GST and the sales shown in Box 7 will have GST. In this case

➤ Check if the zero-rated income is valid income for the business. If it is valid the zero-

doubt ask for the invoices for the zero-rated income.

services moving household goods overseas is also zero-rated as no GST is charged. If in

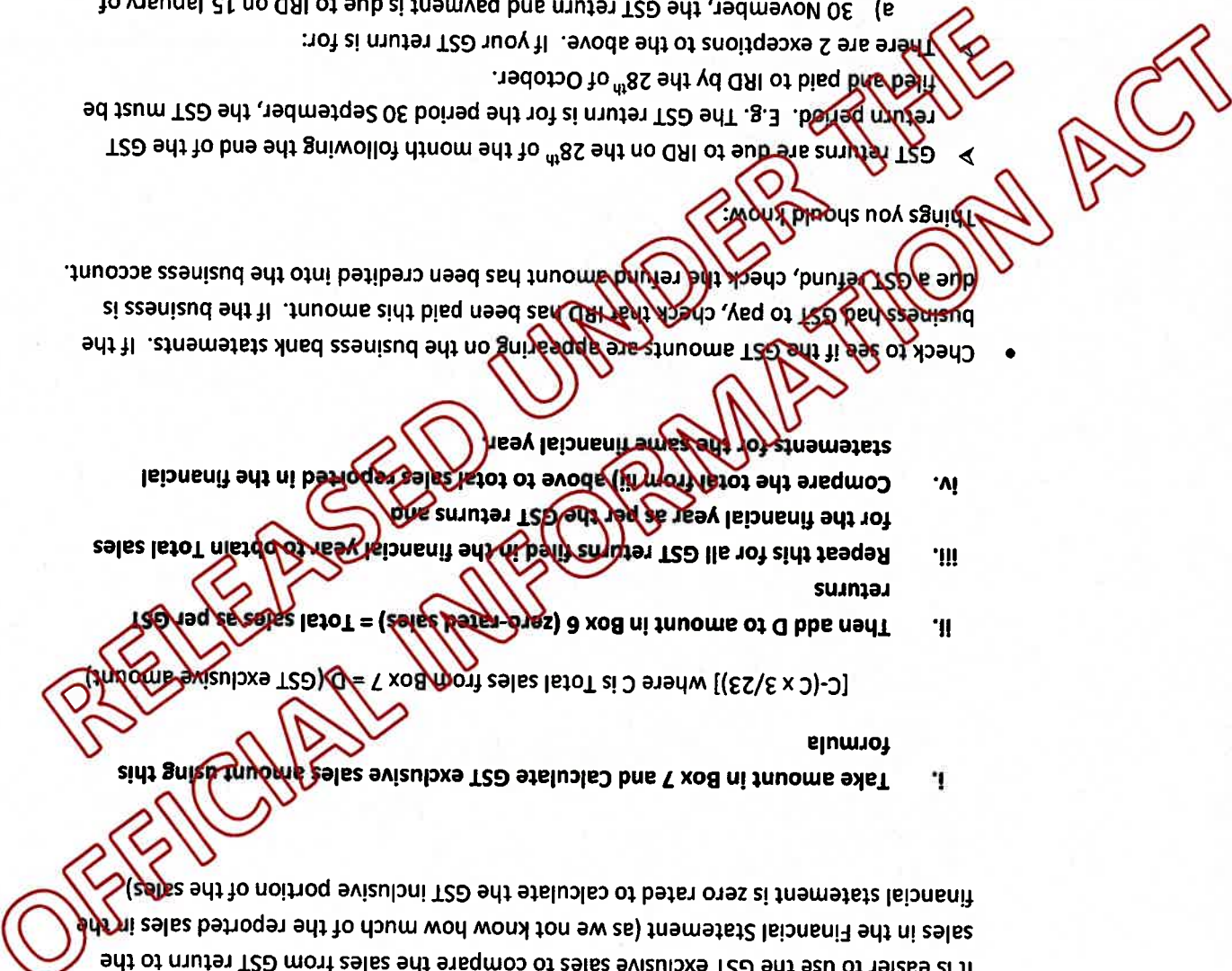
cases, this will relate to exports but not always i.e. income from logistics companies for

rated income in the GST returns filed, i.e. Box 6 of the GST return. If there is, in most

➤ If the variance cannot be explained by Accounts Receivable, check to see if there is zero-

explained by the Accounts Receivable amount.

reported in the Financial Statement is inclusive of GST. See if the variance can be



Attached is adjustment sheet that shows various adjustments that apply, FYI. It is unlikely you will see any of this in the businesses that we assess except GST charged by Customs as explained above.

6. Adjustments Boxes 9 and 13

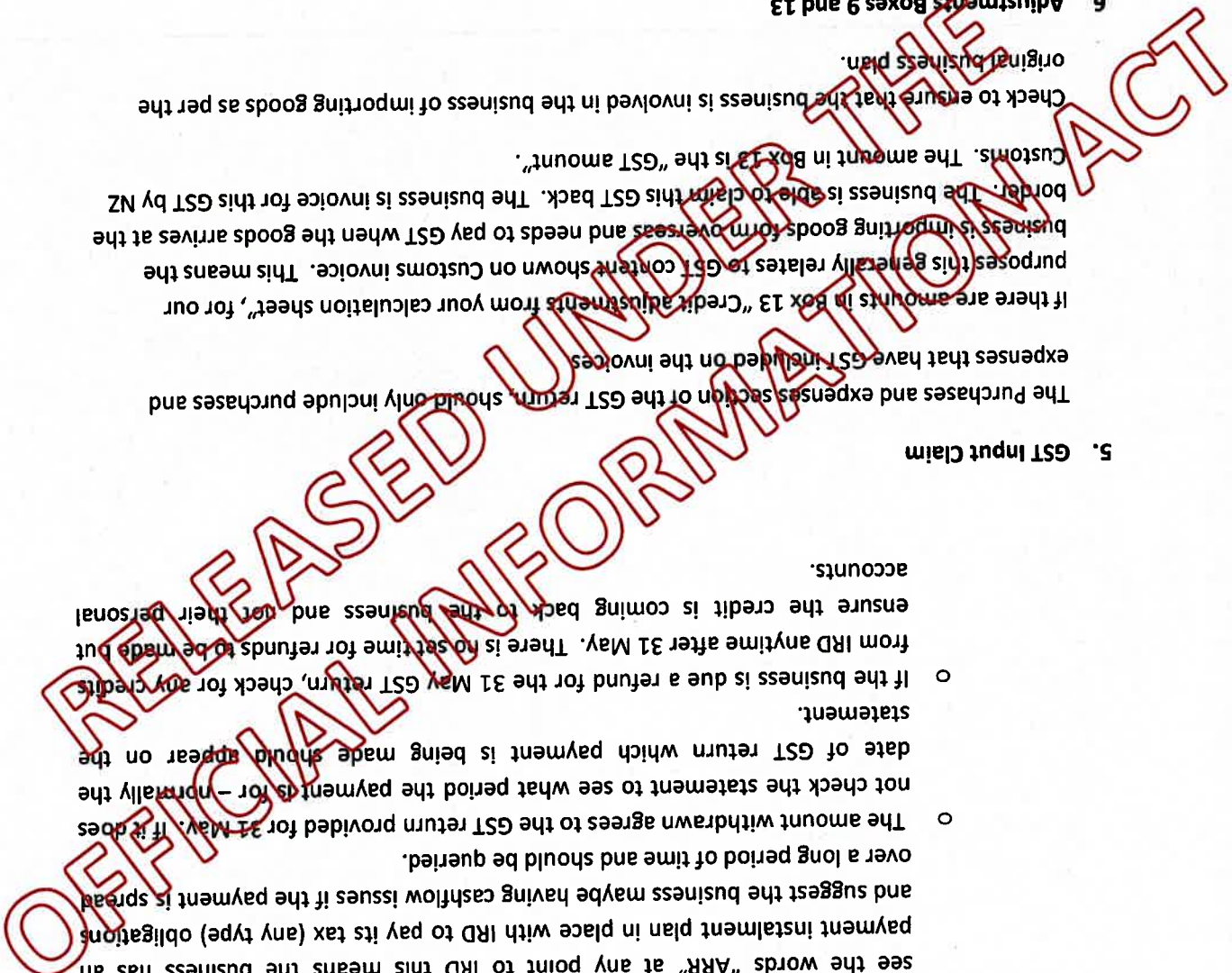
The Purchases and expenses section of the GST return, should only include purchases and expenses that have GST included on the invoices. If there are amounts in Box 13 "Credit adjustments from your calculation sheet", for our purposes this generally relates to GST content shown on Customs invoice. This means the business is importing goods from overseas and needs to pay GST when the goods arrives at the border. The business is able to claim this GST back. The business is invoice for this GST by NZ Customs. The amount in Box 13 is the "GST amount". Check to ensure that the business is involved in the business of importing goods as per the original business plan.

5. GST Input Claim

- check date of payment. GST can be paid any time after 31 May to 28 June but definitely by 28 June unless the 28th is a weekend or a national public holiday (does not apply for regional anniversary holidays).
- The payment has been made to IIRD - Other party is showing "IIRD"
- Payment is for GST - on the statement, you should see the words "GST". If you see the words "ARR" at any point to IIRD this means the business has an payment instalment plan in place with IIRD to pay its tax (any type) obligations and suggest the business maybe having cashflow issues if the payment is spread over a long period of time and should be queried.
- The amount withdrawn agrees to the GST return provided for 31 May. If it does not check the statement to see what period the payment is for - normally the date of GST return which payment is being made should appear on the statement.
- If the business is due a refund for the 31 May GST return, check for any credits from IIRD anytime after 31 May. There is no set time for refunds to be made but ensure the credit is coming back to the business and not their personal accounts.

If the GST return period is 31 May:

Things to check on the business bank account.





BUSINESS IMMIGRATION SPECIALIST – BUSINESS MIGRATION

ROLE PURPOSE
Assesses and makes decisions on visa applications under business and investment policies

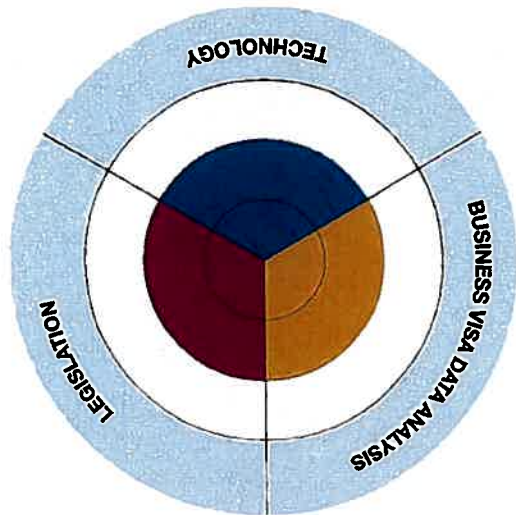
ENTRY REQUIREMENTS

- Law/accounting/finance background (preferable)
- Customer service skills
- Writing skills
- Rational skills
- Critical thinking skills
- Business Visa Data Analysis level 1 / Technical Leadership level 1 Legislation level 1 / Technology level 1

HIGH PERFORMER

- Eye for detail
- recognises how much assessment is necessary based on risk
- Appropriate level of assessment
- Efficient synthesis of information
- Communications clearly

Level One – Developing Level Two – Proficient Level Three – Expert



LEGISLATION

Know

- Immigration Instructions
- Immigration Legislation
- Employment Legislation
- Crimes/Sentencing Legislation
- Privacy Legislation
- International Foreign Exchange Restrictions (B15.40, B17.1, B17.10)

Do

- Apply Immigration Instructions and relevant legislation to applications
- Manage external stakeholders in accordance with the Immigration Instructions
- Research IPT decisions

BUSINESS VISA DATA ANALYSIS

Know

- Contextual fit within government economic development agenda
- How to identify potential risks (reputational and fraud) and impacts
- Purpose and requirements of other government agencies and when to consult

Do

- Decide applications and issue visas
- Interpret financial records and business documents
- Consult other government agencies to ensure consistency
- Manage relationships and communicate clearly
- Online research for verification

TECHNOLOGY

Know

- AMS
- IGMS
- MBE
- Intranet
- IHS

Do

- Various verification portals
- AMS - Reviewing client connections and identities, assessing risk, finalising and recording application
- Using verification portals to inform assessments

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