

YOUNG  
READ  
WOUDBERG



Making Sense of

# NUMBERS

1 5 3 4 2 9 1 8 6 0

YRW 2014 / NZICA MERGER / ANNUAL ACCOUNTS / TAX POOLING / U.S TAX OBLIGATIONS / EMAIL PROS & CONS AND MORE DECEMBER 2014

## CHARTERED ACCOUNTANTS

### 2014 HAS BEEN AN EXTRAORDINARILY BUSY YEAR AT YRW.

In our last newsletter we commented on statistics indicating a gradual return to a more buoyant economic environment and our expectation that this would bring with it improving opportunities for our clients and their businesses.

As the year has progressed we have been delighted to see substantially increased business activity in the local economy with many of our clients having more certainty of customer demand and planning for a period of growth ahead.

AT YRW we have increased our staffing levels to ensure we have the best resources available to provide excellent support to our clients.

Steve Read  
Principal

Eric Woudberg  
Principal

Raimarie Pointon  
Principal

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*The principals & staff at Young Read Woudberg  
wish you a Merry Christmas & Happy New Year*

### CHRISTMAS DATES

Closing 12pm Tuesday 23rd December - Opening 8am Monday 12th January

If you have a situation arise during our closure period that needs our immediate attention, please phone:

Eric P. 027 448 0983 | Raimarie P. 027 576 6076 | Steve P. 027 570 1172

## OUR CHARTERED ACCOUNTANTS PROFESSIONAL BODY AND ITS BRAND

You may have seen in the media that the New Zealand Institute of Chartered Accountants (NZICA) has joined with our Australian counterparts to form Chartered Accountants Australia and New Zealand (CAANZ).

We are awaiting new logos and other related branding which will be introduced to members when the legal process enabling the merger is finalised.



# PLANNING AHEAD FOR YOUR ANNUAL ACCOUNTS

FOR MOST OF OUR CLIENTS, BALANCE DATE IS 31 MARCH. THIS MEANS THAT NO SOONER ARE THE SUMMER HOLIDAYS OVER THAN IT IS TIME TO THINK ABOUT THE END OF THE FINANCIAL YEAR. THE NOTES BELOW HAVE BEEN PREPARED AS A REMINDER TO ASSIST YOU IN PREPARING YOUR YEAR END DATA.

## Business questionnaire and annual authority forms

A completed questionnaire is a checklist designed to help ensure we have all the information we need. Asking the right questions helps us eliminate mistakes. The tax penalty regime has raised the importance of having a fully completed questionnaire.

Be sure to include all the supporting documents with your questionnaire and data files. If supplying bank statements, for example, make sure there are no gaps.

Once completed this needs to be signed. If you have any difficulty with the questions, please do as much as you can and then contact us.

## Bank accounts

Minimise the number of bank accounts you use for business and as much as possible, maintain a separation between business and personal bank accounts. If we need to trace transactions between different bank accounts, it adds to our time and your costs.

If you use a credit card to pay for business expenses, we can either treat this like a bank account and analyse all the transactions or you can supply us with a summary of the business related payments.

## Private expenditure in business

We adjust for any expenses which are partly private, for example vehicles (unless you are paying FBT on these) and telephone costs.

You should endeavour to minimise personal costs paid through the business, and clearly identify any as "drawings".

## Non current assets (also known as fixed assets)

Make a note of any assets you have acquired, purchased, sold, traded in or disposed of during the year and put copies of all invoices aside ready to include with your records. Include sale and purchase agreements and legal statements if appropriate.

## Low value assets purchased

Treat any asset costing \$500 (net of GST) or less as an expense; so long as you did not buy it at the same time as another asset.

## Entertainment expenses

This is a complicated area. Be sure to identify all entertainment costs and do not combine them with other accounts such as general expenses.

As a rough guide, food, drink and corporate boxes bought for entertaining clients, is only 50% tax deductible. Presents containing food or drink are 100% deductible.

## Donations

Companies are permitted to claim the cost of approved charitable donations as a business expense. If the payments result in a loss, the loss is not tax deductible.

## Fringe Benefits

If you have been paying fringe benefit tax please provide us with copies of the statements you have sent to the IRD.

If you have provided benefits, including a car for your own use in the case of companies, and not paid fringe benefit tax, include details so we can make the necessary adjustments.

## GST

Supply us with copies of all returns and workings.

## Cash on hand or in the cash register

Record the balance of money you are holding at close of business on the last day of the tax year.

## Debtors (Accounts Receivable)

Write off any bad debts before balance date. Separate these from your debtors' list, and note any recovery action taken to date.

## Work in progress

If you have any jobs that are still in progress at balance date and

have not already been charged, value materials and wages and include a share of direct overhead expenses (not administration expenses or profit).

## Stock take

Count and value stock at balance date. You must keep a record to show how much you have of each line of stock, the cost and number of them. Use cost (to you) or selling price if it is lower. (You have to be able to support the lower value).

If the value of your stock will be lower than \$10,000, you may use the same stock figure as last year. You don't need to do a stock take, if you are sure the value of your stock will not reach the \$10,000 value.

## Financial arrangements

Make sure you give us copies of all funding documentation e.g. hire purchase or lease agreements.

Get up to date printouts from the bank or lending institution for any loans and obtain statements showing all transactions for the year, the year end balance and the interest charged for the year.

## Logbooks

A logbook may be required to identify the business proportion of a vehicle's use. In most cases it must be kept for a 3 month period and is then current for 3 years unless the use changes. In some cases a continuous log book may be required.

## Salaries and wages for staff

Salaries and wages can be included in accounts payable provided payment occurs within 63 days of the year end (2 June for March balance dates). This applies if you wish to pay a bonus at year end and also for deduction of holiday pay accrued as owing at balance date.

## Use of Home for Business

If you use part of your home for business office and/or depot, ensure we have an accurate record of costs primarily being rates, insurance, electricity and interest. We also require details of total house and business use areas.

# YRW CONTINUES TO SUPPORT THE LOCAL BUSINESS AND PROFESSIONAL COMMUNITY



Young Read Woudberg Young Business Owner of the Year  
Scott Bartlett, Bartlett Swim School with Natalie Milne.

## ROCKET!

Young Read Woudberg was once again proud sponsor of the annual Rocket! Young Professionals Awards held at Farmer Auto Village on the 11th of October 2014. The awards recognise talented individuals committed to careers in Tauranga.

The calibre of the entrants was outstanding and the panel of judges, which included Eric Woudberg as one of the judges of the Young Business Owner of the Year, was suitably impressed.

The 2014 Winners were:

### Young Read Woudberg Young Business Owner of the Year

Scott Bartlett, Bartlett Swim School

### Holland Beckett Lawyers Young Employee of the Year

Gemma Hignett, Tui Products

### Tauranga Chamber of Commerce Young Innovator of the Year

Matt Backler, Rhondium

It was a fantastic event enjoyed by all of those that attended. Congratulations to this year's winners.

## Westpac Tauranga Business Awards 2014

YRW hosted a table at the Awards Ceremony held on 14th November at the ASB Arena. We are proud to continue our association with this annual celebration of local business success with Raimarie Pounton again taking part in the judging process.

Our appreciation goes to the sponsors and the panel of judges with special recognition of the hard work put into organizing this event by Anne Pankhurst of the Chamber of Commerce.

We extend our sincere congratulations to all the winners and urge our business clients to consider entering the 2015 Awards.

If you would like to discuss how entering the 2015 Awards may benefit your business, please telephone Raimarie Pounton on ext. 711.

## Eric Woudberg has been accepted as a Chartered Member of the Institute of Directors – CMIInstD

The Institute of Directors is a vitally important professional body committed to raising the standards of governance in the New Zealand business environment and we congratulate Eric for committing to the Chartered Director pathway.

## Celebrating Client Success!

In September Nathan Capp wiped 16 seconds off the NZ record for 1500m in a Short Course (SC) 25m pool previously set back in 1992 by Danyon Loader. This record was, up until that point, the longest standing NZ record and Danyon was poolside, cheering Nathan on when he broke it.

YRW will be proudly supporting Nathan when he competes in the World SC Champs in Doha, Qatar in December.

# TAX POOLING HELPS WITH THE CRYSTAL BALL GAZING

IN A CHANGING ECONOMIC ENVIRONMENT IT IS OFTEN DIFFICULT FOR BUSINESSES TO ACCURATELY QUANTIFY THEIR PROVISIONAL TAX OBLIGATIONS AT EACH INSTALMENT DATE. IT IS NOT UNTIL THE PRIOR YEAR TAX RETURN HAS BEEN PREPARED THAT YOU KNOW WHETHER THOSE ESTIMATES WERE CORRECT OR NOT. THIS CAN IN TURN GIVE RISE TO INTEREST AND PENALTIES (FOR UNDERPAYMENTS) OR MISSING OUT ON A FAIR RETURN (FOR OVERPAYMENTS).

Paying your income tax payments into a tax pool reduces that risk. When the actual tax position is known the entity can –

- buy 'historic' tax where there are underpaid taxes thereby reducing the Use of Money Interest (UOMI) and removing late payment penalty exposure, or
- sell any tax that has been overpaid.

While there are some administration costs incurred, where substantial taxes are involved, taxpayers will be better off using a tax pooling option rather than paying directly to the IRD.

Tax pooling deposits are never held directly by the intermediary. Instead, they are held

by an independent trustee (such as the wholly owned Crown entity, Public Trust). The trustee is legally required to operate a separate tax pooling account with the IRD.

YRW is well placed to determine a tax pooling strategy best suited to your situation. We have developed good relationships with a number of tax pooling intermediaries and regularly review the opportunities available for our clients.

**For further information on how tax pooling works, please telephone Debbie Read on ext. 725.**





# COULD YOU HAVE U.S TAX OBLIGATIONS?

**THE FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA) IS UNITED STATES LAW AIMING TO REDUCE TAX EVASION BY US PERSONS USING FINANCIAL ACCOUNTS OUTSIDE THE USA. IT DOES SO BY REQUIRING PARTICIPATING FINANCIAL INSTITUTIONS AROUND THE WORLD, INCLUDING NZ BANKS, TO PROVIDE RELEVANT INFORMATION ABOUT CUSTOMERS.**

**NZ has entered into an intergovernmental agreement with the US and amended the Tax Administration Act 1994 with the new law requiring Banks to provide information about customers to the IRD which will then pass it on to the US Internal Revenue Service. As a result Banks are reviewing new and existing customer accounts to look for any indication that a customer may be considered a US person.**

US persons include people born outside the US of a US parent and also certain persons who spend a significant number of days in the US each year.

Note that the only information about affected customers that is reported is their name, address, account numbers, US tax identification number or date of birth, account balances and interest payments.

We have seen examples of forms now being sent by Banks to NZ account holders asking them to self-certify whether or not the customer is a US person. If the information is not provided by the customer the Bank will be required to treat the account as reportable and send details on to the IRD. Banks have until June 2016 to review existing account holders.

If you receive a form and need assistance in completing it, please telephone your adviser at YRW.

Background information is available from IRD at: <http://www.ird.govt.nz/international/nzwithos/fatca/>

The Privacy Commissioner's guidance is available at: <http://privacy.org.nz/news-and-publications/guidance-notes/fatca-faqs/>

## EMAILS ARE AN EVER INCREASING MEANS OF COMMUNICATION (AND SOURCE OF PROBLEMS)–



### BANK EMAIL SCAMS

Bank email scams are becoming both more common and more sophisticated.

For example –

*"Dear Customer. Your access will expire soon. For security reasons, please use our website below to restore your account."*

The website address often looks legitimate, but one giveaway is if you hover your cursor over the address (don't click it), the actual address it wants you to go to will show up and it's likely to be nothing to do with the bank.

Just remember that Banks will never send these types of emails.

### SEVEN TIPS FOR EMAIL SENDERS

Here are seven tips which will help email readability.

1. Keep emails concise. Think about the message you want to convey, and do it in as few words as possible. Long emails are less likely to be read.
2. Draw attention with the subject line. Like a headline in a newspaper it should entice the reader to look for more details.
3. Avoid sending attachments unless they are separate documents. Never try to convey a message with an attachment as opening an attachment is an extra step readers are unlikely to take. Say what you want to say in the body of the email.
4. Check the text. Proof read before you hit the send button. Spelling mistakes and 'text-speak' are unprofessional.
5. Double-check forwarded messages. Beware forwarding a message with a thread further down in the email that might have been sent to you in confidence.
6. Never assume privacy. Assume that your email will be read by others; because after all you have no control over what happens to your email once you send it. So be courteous and respectful.
7. Take a breath. Never send an email in anger. If you receive an annoying email, never respond immediately. Put the email aside and reply when you are calmer. Consider always leaving those difficult emails until the next day when you'll have had time to reflect.

### DELAY THAT EMAIL AND SAVE EMBARRASSMENT

How often have you just hit the email send button and realised you forgot an attachment or, worse still, sent it to the wrong person?

Did you know that you can delay the sending of emails for a few minutes in Outlook Rules, so if you have second thoughts about the email, it can be deleted or amended? Here's how.

Go to Outlook Rules then select in this sequence:

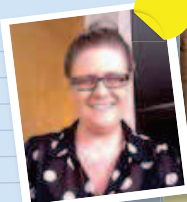
- Start from a Blank Rule
- Apply Rule on Messages I send – Next
- On this machine only – Next
- Defer delivery by a number of minutes
- Then choose the number of minutes
- Close

## Staff Notice Board

2014 has seen a number of staff changes at YRW as we continue to attract great people to look after our great clients!

### Arriving -

We have been very fortunate to have **Maria Livingstone** join us. Maria is a senior accountant and has a strong background in the local CA environment with particular expertise in the horticulture industry.



**Stephanie Pound** has moved to YRW as an intermediate accountant having worked for KPMG in both Hamilton and Tauranga. Stephanie is now studying to complete her professional qualifications.



**Samuel Gough** is our new graduate accountant having recently completed his degree. He is now settling down to the joys of a busy professional office and will no doubt be looking forward to the summer holiday break!



In the new year we will be welcoming **Glen Lindsay** to our senior team. Glen was with a CA practice in Auckland before more recently gaining work experience in the UK. Glen is now looking forward to enjoying the relaxed Bay of Plenty lifestyle while furthering his CA career at YRW.



### Tracey is back!

Tracey Harrison has rejoined YRW after a period of absence raising her young family and working in the business she owns with husband Gavin. We are delighted to have her back!



### Departing -

As many of you will know by now, **Dave Ensor** has taken up a commercial accounting opportunity in the South Island. Dave had established a strong presence in the local business community serving for several terms on the Board of the Chamber of Commerce. We wish Dave, wife Charlie and their young family every success and happiness in their relocation to Christchurch.

We have also said goodbye to **Emma Roberts** who made the difficult decision to leave YRW to allow more time to care for baby Connor. Emma was an enthusiastic team member during her brief tenure at YRW and her willingness to take responsibility is certainly missed by the Social Club!

## Exam time!

A number of our team are continuing with professional studies. In particular we wish Camille Moore and Rebecca Maulder all the very best for their upcoming results in completing full membership requirements for entry into the College of Chartered Accountants.

## City to Surf Challenge

On a day that was forecast for wintery thunderstorms, YRW sponsored 3 staff members and 2 of their partners to make the 12km excursion across the Tauranga Harbour Bridge in summer-like sunshine as part of the annual City-to-Surf running event. Camille was the speed-racer of the day with a time of 59 minutes 10 seconds and Anna hot on her heels at 1 hour 32 seconds. A great run by all, along with a few sunburnt faces, made for a fantastic day, with all 5 recommending that this is an event that everyone should enter at least once!



## Tough Guy & Gal Challenge

It was a chilly day in August but Camille bravely took part in the Tough Guy & Gal Challenge in Rotorua. The 12 km course included crawling under barb wire obstacles, swamp crossings, hurdles, a wire rope bridge and a lot of hills! Overall Camille came in 7th in the female division which was an absolutely fantastic result.

Well done Camille!





## HOUSE INSURANCE: ARE YOU COVERED?

**A rebuild valuation for insurance purposes may cost you several hundred dollars but could potentially save you thousands.**

Previously, homes were insured for an unspecified full replacement cost and premiums were based on what the insurance company said a house was worth. Now house insurance is based on "sum-insured" cover that caps the amount that insurances will have to pay out if your house needs to be replaced after a catastrophe and premiums are charged based on the sum-insured.

Your sum-insured figure has to be accurate and kept up to date, and it's up to you to make sure it is. Remember, your sum-insured is the amount it would take to completely rebuild your home in the event of a disaster – including any demolition and removal costs.

Most of the insurance companies have online calculators to estimate the price of rebuilding your home. However, these calculators are often falling well short of the actual rebuild costs.

The majority of professional valuation firms and quantity surveyors provide rebuild valuations for a fee of around \$300-\$700. You are provided with a detailed rebuild valuation report that covers items that can be missed when using the generic online calculators.

FMG Insurance is currently the only insurance underwriter that continues to provide full replacement cover for your home.

We strongly recommend that you review your house insurance cover, as more often than not, your home is your biggest asset!

## USEFUL WEBSITE –

WE STRONGLY RECOMMEND A VISIT TO THE [BUSINESS.GOV.T.NZ](http://BUSINESS.GOV.T.NZ) WEBSITE FOR CO-ORDINATED ACCESS TO A NUMBER OF SPECIALIST AGENCIES AND THE MONTHLY ON-LINE NEWSLETTER **BUSINESS ADVISER** CONTAINS A WEALTH OF UP-TO-DATE INFORMATION ON A WIDE RANGE OF BUSINESS RELATED TOPICS. FOR EXAMPLE –

**Not sure how you can protect your intellectual property?**

**Go to the following link for a great pictorial summary:**

[business.govt.nz/starting-and-stopping/intellectual-property-protection/types-of-ip-protection-infographic](http://business.govt.nz/starting-and-stopping/intellectual-property-protection/types-of-ip-protection-infographic)

**What are your options? Any one or a combination of the following –**

<b>Trade Mark</b>	Most commonly a word or a logo, this is registered with IPONZ. Protection is indefinite on a 10 year renewal cycle.
<b>Trade Secret</b>	The obvious protection is to not tell anyone about your secret processes but you need rigorous confidentiality systems in place.
<b>Copyright</b>	For 'original works'. Not registered and can protect for up to 50 years after your death depending on the type. You need good records proving creation of the work, then you use the © symbol, the name of the owner and the year the work was created.
<b>Company Name Registration</b>	To protect your brand name, consider using it as your registered company name. The company files an annual return to maintain its registration with the Companies Office.
<b>Design</b>	To protect new and different visual appearance of a product for up to 15 years, register with IPONZ. Only available if you haven't already gone public with your product.
<b>Patent</b>	To protect inventions of functionality or process for up to 20 years, register with IPONZ. Again, only available if you haven't already gone public with your invention.
<b>Domain Name Registration</b>	To protect your brand name, use it in a web address.
<b>Plant Variety Rights</b>	To protect new varieties of plants for up to 23 years, register with IPONZ.

**And to see if your name is available for company registration, domain name licensing and trade mark registration go to –**

[business.govt.nz/onecheck](http://business.govt.nz/onecheck)

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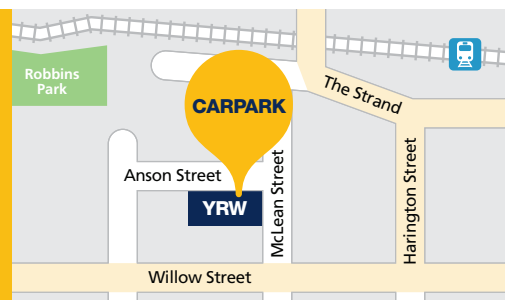
Email [accountants@yrw.co.nz](mailto:accountants@yrw.co.nz)

Website [www.yrw.co.nz](http://www.yrw.co.nz)

### VISIT US:

#### Carparking

We have six client carparks available underneath our building with entry from Anson Street. Please feel free to use them when visiting our office.



### IMPORTANT:

This newsletter is intended to be of a general nature only and should not be relied on in making business or personal decisions without first seeking advice from this office.