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Happiness, health & success



Welcome to our Christmas Edition of Quay Notes. 2010 has had many interesting challenges and new opportunities for our clients and our team, which we have appreciated being part of. As we look back on the year here at QAL we have achieved many things, have had to consistently reappraise our priorities and are really looking forward to sharing the Christmas break with our family and friends, recharging the batteries and "working on the business" in 2011.

The office will be closed from midday Thursday, 23 December, reopening on Monday, 10 January.

We wish you all a very Happy Christmas, Good Health and Every Success for the New Year.

Mark Les Barry

Team news

We have had some great academic successes for the team:

- Jenny and Allana have both completed their first year of part time study for the NZ Diploma in Business. Jenny has decided to stay at Quay for another year and will complete a second year of part time study, before moving on to full time study to complete the course. Allana is sadly (for us not her) moving to Sydney at Christmas, so will be continuing her studying in Australia.
- Danielle has just completed her second year of the NZ Diploma in Business and has now passed eight exams.
- Raina has just passed her final exam for her NZ Diploma in Business.
- Mo has passed 16 papers towards her degree in Business Studies.
- Vickie has two more exams to pass in her Post-Graduate study and can then sit the qualifying exam to become a Chartered Accountant.
- Kath has qualified as an Associate

Chartered Accountant with the New Zealand Institute of Chartered Accountants.

Other team news

- Florian is back with us again for the Summer and is helping with MYOB conversions prior to a major upgrade next year.
- Mark's son Finn recently finished runner-up in the Under 11 National Squash Championships in Christchurch.
- Barry found that over Winter the fishing was significantly better off his boat than for those who ventured out in kayaks!!
- Nicole moved down from Whangarei and started work on our Reception at the end of May and is getting into the Bay of Plenty life-style by learning to play golf.
- Rosie is on a studentship until Christmas and has been providing Reception cover for the Tauranga office. She is currently undertaking a part time accounting degree and

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New staff profile

Jason Lougher (*pronounced "Locker"*) commenced work at the Whakatane office in October 2010 as a Client Manager. Jason has just passed his Foundations exam for NZICA, which is the first step to becoming a Chartered Accountant. He has experience in a variety of Chartered Accountancy roles including SMEs through to advising large multi-nationals initially in Whakatane and in Auckland. He has a First Class Honours Degree in Taxation and has a special interest in up to date changes to taxation legislation. Jason prefers to work as a business partner – working with clients on their businesses.



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is also writing a novel (we've been assured it isn't a fly on the wall exposé of an accountancy office!) – watch this space for publication details!!

- Raina's young son Kaleb (13) has recently received Young Achievers and NZ Aims Games Awards for golf – his handicap is 32.

Quote of the month

There is no ideal Christmas and no ideal business model; only the one you decide to make as a reflection of your values, desires, affections and traditions

– Bill McKibben

Tauranga office

Our Tauranga office officially opened in July and is steadily growing with exciting new business. If you are in Tauranga, feel free to pop in and see our great new office at Level 1, 115 The Strand, Tauranga. Many of you may recognise Ali Holmes, our Tauranga Business Manager, who was a Client Manager in our Whakatane office until 2005, when she moved to Wellington for 5 years.

If you know someone in Tauranga needing an accountant or if you have interests in Tauranga, give Ali a call on 07 578 6069 or alternatively speak to your Client Manager in Whakatane. We offer the same range of services



Ali Holmes

from both offices and we will be holding seminars in Tauranga early in the New Year.

Do you want to make dividend payments?



As mentioned in our previous newsletters, with the change in company tax rates there are also changes in the timing ability of paying out dividends. Company tax is currently 30% but dividends must still (excluding company to company) carry tax credits to the value of 33%. Currently when a company wishes to make any dividend payments to the shareholders it is also required to top up the tax credits from 30% and pay 3% directly to the Inland Revenue by the 20th of the month following the

dividend payment.

We draw this to your attention as many of you are taking money out of your companies assuming we will be able to sort it out at the end of the year when we do your Financial Statements – unfortunately due to the Government changes we can no longer do this. If you draw more money out of the company than you are entitled to, you may inadvertently create a tax liability, that could have been avoidable. Any dividend payments require a certain amount of paperwork so if you are removing funds from your company and these are not a repayment of funds previously advanced or loaned to the company please contact us for assistance. We are happy to assist with the necessary paperwork and any payment advice.

Business coaching

We have had some great feedback about the value of our events from leaders within the Tauranga and Whakatane business communities and they are supporting our services.

The Whakatane Coaching Club is now well underway and has had three full-day meetings as well as regular monthly reporting and two hour momentum meetings. The energy of the businesses working together and

supporting one another has been incredible; we have had great feedback and seen some fantastic results.

The Tauranga Coaching Club started last month and we look forward to working with these businesses to achieve some great outcomes for 2011.

To find out more about our business coaching services please call Jeanette on 07 578 6069.

Goodbye LAQC

What an interesting year this has been for tax changes. Budget 2010 indicated changes amongst others to the current QC and LAQC regime, in particular the flow through tax treatment for both income and losses. The Government has indicated for some time their concerns that under current legislation, an LAQC's profits are taxed at the corporate tax rate, but losses are offset at often the much higher marginal tax rate of the shareholders.

Last month the Government released draft legislation on the changes. The draft legislation is quite different to what we had been told to expect and introduced a new entity called a 'Look Through Company' or LTC, which will be treated much like a partnership for tax, but is still a separate legal entity governed by The Companies Act. Existing QCs and LAQCs will be able to continue in the QC regime, but without the ability to offset losses to shareholders.

Very briefly, LTCs will be transparent, this means that income, expenses, tax credits, rebates, gains and losses will flow through to the shareholders' tax returns. The Government has introduced a fairly complicated loss limitation rule that can limit the losses available to be offset against the shareholder's other income to the extent of their investment in the LTC. The shareholders of the LTC will be treated as holding the assets of the LTC directly, this raises tax consequences where there is a shareholder change or you wish to elect out of the LTC regime.

The above is a very brief look at the changes. The LTC regime is fairly complicated and there are still a couple of pieces of key legislation yet to be written. The good news is we have 6 months from the beginning of the 2012 income tax year to transition out of the current QC/LAQC regime without any tax consequences and this is a great opportunity to look at the group structure.

If you would like a free LAQC Structure Review and proposal please contact your Client Manager.

Helping you with ACC

When you receive mail from ACC do you:

- Wonder whether the amounts being charged are correct?
- Wonder whether there may be cheaper or more effective options for cover?
- Find it difficult to contact ACC to make changes if needed?
- Generally feel confused and wish

things could be made simpler?

We offer an ACC Review service which is made up of two parts; an initial ACC review and then administration of your ACC requirements similar to how we currently look after your income tax requirements.

We appreciate that your time is

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New Year's resolutions

For those of you lucky enough to have a break over the busy Christmas period, this is often a great opportunity to reflect on the good, the bad and the ugly from your business year just completed. January and February then provide an ideal chance to set New Year's resolutions to build on the good, fix the bad and eliminate the ugly. We strongly recommend that you set some 'SMART' targets and goals:

- S**
Specific
- M**
Measurable
- A**
Achievable
- R**
Realistic
(but stretching - don't be too soft!)
- T**
Time bound

Once you've set goals, it is then easier to develop a financial projection or budget for your business to make sure you keep on track. Best practice from there is to put these budget figures into your accounting system (BankLink or Computerised Cashbook) and review your actual performance to the budget at least every two months.

If you would like some guidance about how to make this process less ominous and scary, please let us know. For example, think how good it would be to have your business plan on one page in a place where you can see it every day.



Recent changes to ACC CoverPlus Extra

As from June 2010 ACC has implemented some important changes to make ACC CoverPlus Extra more flexible. What are the changes?

- CoverPlus Extra premiums are now deductible for shareholder-employee premiums (excluding earners' levy)
- Policy start date can be nominated for a new policy or a policy change
- Invoices will be issued outlining the levy rates for the coming year. You will have 30 days in which to make policy changes

“YES” Young Enterprise Scheme

This year we have continued our sponsorship of the YES Business programme for local secondary schools. Barry has provided assistance with sessions on finance roles and product costings and on 3 June presented two Business Planning Awards sponsored by QAL:

- i) Best Written Business Plan - Presented to Opotiki College for their “My Pocket” business.
- ii) Best Oral Presentation - Presented to Trident High School for their “Sunny Side Up” business.

This scheme provides a wide range of business related experiences for the teams involved and the quality of the presentations was consistently high.

Congratulations to Opotiki College and Trident High School!

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valuable and that the intricacies of the ACC regime are often too difficult and time consuming for many business owners to administer effectively. Consequently, we have a proficient team here who can manage your ACC matters to ensure compliance and that you are covered when in need.

The benefits to you include:

- Peace of mind
- Invoices are correct and changes identified
- ACC cover is in accordance with

your needs

- We get it right
- Savings made are passed to you and are often long term
- Smooth cashflow
- Paying the right amount
- Time saved in administration
- Identification of risk areas
- Continual access to experienced service and support from our team

In support of our service, ACC have provided our staff with on-line access to your account (on completion of an authorisation form) so that we can review your information at any time.

FBT - the Christmas hangover

Christmas is near and some employers will choose to give gifts to their employees and some may even host a Christmas staff function. It is important employers are aware of possible tax obligations in regard to entertainment expenditure and avoid the dreaded Fringe Benefit Tax (FBT) hangover.

Christmas gifts given to employees may be subject to FBT. As a rule of thumb, gifts that can be enjoyed at the employees' discretion such as flowers, bottles of wine, gift baskets and vouchers are subject to FBT. However, there is some good news – these sorts of benefits have an exemption of \$300 per employee each quarter before a FBT is triggered. There is a maximum employer exemption of \$22,500 for all employees for the current quarter and the three preceding quarters.

Alternatively, if an employer is an annual FBT filer, each employee will be exempt up to \$1,200 with a maximum exemption of \$22,500 each year for the employer for all employees.

Staff Christmas functions are slightly different and are not subject to FBT. Generally, whether or not you hold your Christmas function onsite or at an external location, food and drinks are only 50% deductible for income tax purposes under the entertainment rules, but will not be subject to FBT. Other incidental costs incurred in providing the function will also generally only be 50% deductible. These can include entertainment, music and wait staff.

If you are unsure or would like further help please contact your Client Manager.

Holiday pay Christmas/ New Year period

Employees can be entitled to four public holidays over the Christmas and New Year period, depending on their work pattern eg:

Because the public holidays fall on a Saturday and a Sunday if you normally work these days you observe the public holidays on these days

If you normally do not work on a Saturday and a Sunday your Public Holiday will fall on the Monday and Tuesday.

If you are required to work on a public holiday the time in lieu rules apply. Please refer to the Department of Labour website they have online calculators as well to help you work out if you are entitled to a public holiday - www.dol.govt.nz

If you are paying bonuses during the period you need to refer to the calculators on the IRD website which will help you work out the correct method of taxing bonus payments or phone your Client Manager.

Gift Duty to be abolished

For many years individuals have been limited to gifting up to \$27,000 in any 12 month period before incurring gift duty tax. For those of you with a while to go on your gifting programme, the following announcement will be of interest.

Minister of Revenue Peter Dunne has confirmed the Government's intention to abolish gift duty, saying the decision would be welcomed by taxpayers generally, as the rules were resulting in a high level of compliance costs and were no longer raising any

significant revenue. "The limited protection that gift duty offered did not outweigh the significant compliance costs, estimated at approximately \$70 million per year that gift duty imposed on the private sector. Government agencies will monitor the impact of the changes and a post-implementation review will ensure there are no unintended effects," said Mr Dunne.

The abolition of gift duty will be included in legislation to be introduced in November 2010 and will be effective from 1 October 2011.

The Good, the Bad and the Ugly

Changes affecting rental properties



As discussed in previous newsletters, Budget 2010 found property investors running for cover. There have been some fairly dramatic changes that relate to property investors. As well as the LTC regime (discussed in this newsletter) we have seen changes to Working For Families (WFF) tax credit calculations, depreciation on

buildings effectively scrapped and the rise in GST.

Special consideration must be given to the profitability of rental properties. We can help you figure out how profitable your investment truly is.

If you would like help please contact your Client Manager.

The Friday Club

The Friday Club is a joint initiative by Quay Accountants and the Legal Services team of the Employers and Manufacturers Association ("EMA") to develop a forum for Eastern Bay of Plenty businesses who are members of the EMA or clients of Quay Accountants to learn about employment law related topics and current developments, ask questions and obtain peer support. QAL hosts the

event approximately every two months on a Friday between 12 noon and 2pm.

The next Friday Club is scheduled for Friday, 11 February 2011. To book a space or to find out more call or email Nicole (nicole@qal.co.nz). We can also add you to the invite list to ensure you receive advance notices.

A nominal charge of \$10 per person applies to contribute to the travel cost of presenters. Quay Accountants provides tea and coffee, however you need to bring your own lunch.

Tax free wages paid to children

Businesses/Farmers are able to pay wages to children, working in the business or on the farm of \$2340 per year per child. This can be paid weekly \$45, fortnightly \$90 or monthly \$195.

The wages paid to the child must be a genuine payment, this means there must be a payment made for work done not just a journal entry.

Wages paid to a child must be recorded in your PAYE records, but do not need to be returned to the IRD.

The amount paid must not exceed the \$2340 per annum exemption per child otherwise they may be required to file a tax return.



Record breaking milk production

Record Milk at Peak – Fonterra has set a new record for the most milk processed in a single day. Commonly known as the peak day, the record was set on Wednesday, 27 October, when the co-operative's 26 sites throughout the country processed 76.8 million litres of milk.

Source: www.fonterra.com

CLIENT PROFILE

The Good Life Gift Store

"Hi there. My name is Lisa Turpie. I am a part owner of The Good Life Gift Store, and along with a fantastic team of co-workers, strive to give our customers a shopping experience that will keep them coming back for more.

My husband Kenneth and I purchased The Good Life in 2004. My background in retail started when I worked for the Warehouse Clothing Co. some 18 years ago. After 5 years (2 years as manager), I moved on to begin our family. Kurt is now 14 years old and Nikki is 13 years old.

In 2001, I was asked to help out at The Good Life, and the rest is history. Kenneth and I were given the opportunity to purchase the business, and we were both keen starters.

We needed an accountant to set up procedures correctly and Mark Jenkins of Quay Accountants was referred to us by friends. In those days, Mark had a ponytail (worthy of a mention!) and as always a manner that put us at ease. To be

honest, when we took over the store, numbers, expense budgets, financial planning etc were not my strong point. We have retained our presence in town by being committed to excellent customer service and offering a great range of gifts and quality kitchenware. I am very proud of the shopping experience our customers receive.

After years of relying on instinct to keep sustainable levels of product, and with the slowing down of retail spending, this prompted my decision to take advantage of Financial Awareness Coaching offered by Quay Accountants. Mark, Rae Tee (who is also fabulous by the way!) and I meet every 2 months to go over my store budget, cash flow report and staff targets. Over the last 7 months I have grown in confidence financially, and with the support and mentoring of both Mark and Rae I feel as though I am running and understanding our business, instead of just hoping I'm doing the right thing."

To find out more about Financial Awareness Coaching call us now.

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Raina Hiki
Rosie Laurenson
Trish Coatham
Vickie Clarke

Excel shortcut tips

Excel 2007 - CTRL shortcut keys

Key	Description
CTRL+1	Displays the Format Cells dialog box.
CTRL+2	Applies or removes bold formatting.
CTRL+3	Applies or removes italic formatting.
CTRL+4	Applies or removes underlining.
CTRL+5	Applies or removes strikethrough.
CTRL+6	Alternates between hiding objects, displaying objects, and displaying placeholders for objects.
CTRL+8	Displays or hides the outline symbols.
CTRL+9	Hides the selected rows.
CTRL+0	Hides the selected columns.

Source: www.microsoft.com



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