

Xero - Online Accounting In Real-Time

When it comes to accounting systems we've seen our fair share of them. Recently we've become a Certified Partner to Xero - which has basically changed the world of small business accounting forever.

Simple. Smart. Secure. Xero puts you in control of your business. Xero is an online accounting system that gives you and us, as advisors easy access to your bank transaction, invoices, reports and even your GST.

Xero's intuitive design and functionality make accounting accessible for both experts (accountants) and non-experts (business owners).

We believe in offering our clients solutions that are suitable and cost-effective. Xero is that solution.

Three great reasons to try Xero:

- **Real-time view of your cashflow.** Xero's dashboard gives you a summary of all your bank account details and balances, and shows you how much money you have coming in and going out - plus the ability to drill down to see transaction details.
- **Manage your own billing simply.** Xero lets you enter your invoices quickly and efficiently, letting you create a schedule to automatically generate invoices on a regular basis - you can even email formatted invoices directly to your customers from within Xero.
- **Anywhere, anytime.** Xero is web-based so you can work where you want, when you want with 24/7 access from any internet connection in the world - PC, laptop, Mac and even a smartphone. Xero requires no installation, manual backups, maintenance or additional software - all you need is a modern internet browser.

With Xero you pay a fixed monthly fee. So, no more expensive software to buy, install and upgrade or maintain.

We'll soon be holding demonstrations and events to showcase the way of the future in accounting with Xero.

In the mean time if you'd like more information about Xero please call us for a free demonstration or to discuss how Xero can work for your business. Or go to our website for more information

www.chestergrey.co.nz/cg_biztech/xero



What's happening..?



Puhinui International Three Day Equestrian Event

Auckland, 9-11 December 2011
 Eventing Auckland is holding New Zealand's premiere international FEI CCI Three Day Equestrian Event at Puhinui Reserve in Manukau. The event comprises of the three eventing disciplines - dressage on Friday, cross country on Saturday and showjumping on Sunday.



Christmas in the Park

Auckland Domain,
 10 December 2011

A star studded line-up of some of Australasia's most talented entertainers is now confirmed for Coca-Cola Christmas in the Park, one of New Zealand's most popular, free outdoor Christmas extravaganzas.



Total Eclipse of the Moon

Stardome Observatory,
 Auckland, 11 December 2011
 New Zealanders will get the rare opportunity to observe a total lunar eclipse in their skies. The Moon starts going into shadow at midnight and full eclipse is at 3:32am.



John Pule: Hauaga

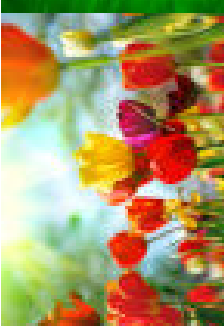
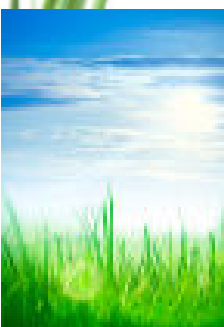
Auckland Art Gallery

17 Dec 2011-25 Mar 2012

Niuean-born Pule grew up and lives in Auckland. The exhibition surveys his career from one of its key turning points when he travelled back to Niue and reconnected with its traditional art of hiapo (barkcloth painting).

www.eventfinder.co.nz

live
play
hope
appreciate
surprise
experience
enjoy
succeed
give
inspire
create
choose
laugh
evolve
dare
act



Holiday Office Hours

Chester Grey offices will close for the holidays at 12 noon on Friday 23rd December 2011 and will re-open on Monday 9th January 2012





You've got to feel for the recently ousted Greek PM. Surely he was right when he wanted to go to a referendum? Surely democracy (*Greek demos—the people, kratia—power*) demands that before a government hands over its nation's fiscal and economic sovereignty to Brussels, it should ask the people.

So when Papandreou backed down on 3rd November on his call for a referendum, it looked like another nail in the coffin of democracy its own homeland. But there's also such a 'not rightness' about Greece refusing to face the music for having lived off the backs of others for years, and now not wanting to pay even half of it back. That option offends our sense of economic morality.

And there's the problem for Greece. The time for a referendum was nearly 20 years ago. The increase in Greek government debt has been on exactly the same trajectory since 1992. It was back then that the Government should have gone to the people and asked if they were willing to accept, at some future time, the consequences of continually living beyond their means. But the Greeks now fall into the clutches of their creditors. He who pays the piper calls the tune! The paying will be done by Brussels on Brussels' terms. Greeks will dance to Brussels' tune or starve.

The way life works is that if a country loses its economic strength its sovereignty is at risk. Greece is now a sovereign democracy in little more than name, and Italy is now run by un-elected financial 'experts'.

For Kiwis this is a sobering lesson because by some measures the difference between NZ and Greece, economically, is a fine one indeed. New Zealand's Gross Government debt (what we own less what we owe) is practically the same as Greece, Spain and Ireland. We are slightly better than Portugal. We are markedly worse than, for example, Italy the US and UK and massively worse than Germany, The Netherlands etc. Yet we keep borrowing more.

A country that almost continually spends more than it earns is like a ship headed for the rocks. Before it gets to the rocks, all feels fine. But unless there is a change of direction, disaster awaits. This is not rocket science.

To be fair even a big ship can be turned around and away from the rocks if the evasive action is not left too late. New Zealand is some way off the rocks, and has a few good things going for it. But as any boatie knows, if you are fooling around a bit close to the shore and a sudden storm hits, you may not have the options you were counting on during fair weather sailing.

Investors rapidly need to re-think their strategies. Government bonds were regarded as practically risk free, until this year. Shares were regarded as a lot more risky than fixed interest. Bonds and shares from 'developed economies were regarded as a lot safer than those from emerging markets. And the Good Ship NZ has felt like a reasonable place for most of your wealth. Much of the investment world's conventional wisdom needs to be challenged and some of it stood on its head. There are emerging economies, now significant in number, that have low debt, high growth, young and growing populations and rapidly improving governance, both within government and within corporates.

Despite the debt-induced crisis in so many developed economies, it looks as though the world economy overall will grow by around 3.5% for 2011, and almost all of that is coming from the emerging economies.

This is a sensational turning of the page in world history, and an amazing opportunity for investors. As investors we need to understand how the times are changing in order to protect and grow our wealth.

By the way, the two countries of greater Europe with the highest standards of living are not part of the EU: Norway and Switzerland. As they say, beware Greeks bearing debts.

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Taxation (Tax Administration and Remedial Matters) Act 2011

The Taxation (Tax Administration and Remedial Matters) Act 2011 was enacted on 29 August 2011. Key features of this Act are the introduction of rollover depreciation for Canterbury earthquake relief, the abolition of gift duty and changes to the PIE rules around non-residents.

The Act also includes various amendments to the tax disputes process, and how certain taxpayer information may be shared between Inland Revenue and other Government agencies. The following is a summary of some of the relevant changes.

Use-of-money interest (UOMI)

Previously UOMI had only been an expense when you had business income. Now, if you're charged or have received UOMI, it's an expense whether or not you have business income. You will need to:

- claim UOMI as an expense in the year you pay it
- show UOMI as income in the year you receive it.

This is effective from the 1997-98 and later income years, subject to certain rules.

Portfolio investment entities (PIEs)

There have been a number of changes to the PIE rules around non-residents.

Non-residents who invest in a PIE have a prescribed investor rate (PIR) of 28% applied to all income received from the PIE. This means they're taxed at a higher tax rate than if they invested directly in the same assets as the PIE. Two new types of PIE have been introduced:

- foreign investment zero-rate PIE
- foreign investment variable-rate PIE.

These new PIE types will allow qualifying non-resident investors' attributed PIE income to be taxed at similar rates to those that would apply if they invested directly.



Christmas & New Year Holidays



Public holidays are celebrated on the day they fall unless the employer and employee agree in writing to transfer the observance of the public holiday to another working day or where Christmas Day, Boxing Day, New Years Day and 2nd of January fall on either a Saturday or Sunday.

The rule is that if these public holidays fall on either a Saturday or Sunday employees who normally work on these days celebrate the public holiday on these days.

For employees who don't normally work on a Saturday or Sunday, the public holiday is transferred to the Monday or Tuesday respectively. To help you decide whether an employee is entitled to take the public holiday you will need to determine if the public holiday falls on an otherwise working day. The Department of Labour has a Holidays and Leave Tool that can help you with this. You can also use this chart to determine which day the public holiday will be taken.

Public Holiday	Not an otherwise working day	Is an otherwise working day
Christmas Day (Sunday 25th December 2011)	Christmas Day is transferred to Tuesday 27 th December*	Christmas Day is observed on the day it falls
Boxing Day (Monday 26th December 2011)	Not entitled to the public holiday*	Boxing Day is observed on the day it falls
New Years Day (Sunday 1st January 2012)	New Years Day is transferred to Tuesday 3 rd January*	New Years Day is observed on the day it falls
New Year Holiday (Monday 2nd January 2012)	Not entitled to the public holiday*	New Year Holiday is observed on the day it falls.

*If the day that the public holiday is taken on is not an otherwise working day for that employee then the employee observes that pub-

Employing Temporary Staff

Are you taking on extra staff for a special occasion, or expecting a higher than normal workload? If so, don't forget you'll need to adjust your records to show this.

You'll need to:

- make sure you get a completed *Tax code declaration (IR330)* from the employees or deduct tax at the notification rate
- deduct PAYE from their wages and show this on your employer monthly schedule, including their start date, tax code and amount of deductions
- show an end date on your employer schedule for each employee as they finish with you.

Taking on temporary staff could be an indication that your business turnover is increasing, even for a short period of time. If you're not already registered for GST, remember to check if your turnover is likely to be:

- more than \$60,000 for this month and the last 11 months, or
- more than \$60,000 for this month and the next 11 months.

If your turnover exceeds this amount you'll need to register for GST.

EMPLOYEES ONLY

Changes to Student Loan Scheme

A number of changes to student loans are underway after the enactment of the Student Loan Scheme Act 2011. Most of these take effect from 1 April 2012.

If you have an employee with a student loan, you'll find that some of the changes will be variations to current processes, while others will be new rules you'll need to become familiar with.

All student loan borrowers will need to use an "SL" repayment code regardless of their income. You'll continue to make student loan deductions for all employees using an SL code, unless they give you an exemption certificate.

The repayment deductions you make from your employee's salary or wage every pay period will be considered their repayment obligation for the pay period, unless there's significant over- or under-deduction.

If there's a significant under-deduction, the IRD will notify you to make extra deductions from your employee's pay to recover the shortfall. You'll need to

use the new "SLCIR" repayment code to identify this extra deduction. This will be in addition to their compulsory repayment deduction.

Borrowers can continue to apply for a reduced deduction rate for their secondary employment if their main income is less than the pay-period repayment threshold. We'll provide a special deduction rate certificate they can give their secondary employers to reduce their deduction rate below 10%.

Full-time students earning above the pay-period threshold (\$367 a week for the 2012-13 tax year) may be eligible for an exemption from repayment deductions. If the student expects to earn below the annual repayment threshold (\$19,084) they can apply for a repayment deduction exemption certificate to give you.

Your employee may ask you to make extra deductions, on top of their compulsory deductions, from their salary or wage. You'll need to use the new "SLBOR" repayment code to identify this extra deduction.



Netiquette

Email Best Practice Tips:

- Don't use sarcasm or dry humour in an email. It can be very hard to recognise tone in a written email and your comments may be misconstrued.
- If it is particularly difficult to convey something, ask someone else to read your email message before you send it, or follow up (or precede) the email with a phone call to the recipient.
- If you are going to send a large attachment (over 1MB), ensure you check with the recipient first. Particularly if it is a home email address, if they are on dial-up or satellite broadband it may choke their bandwidth. If you can, upload the file online and email a link to the recipient.
- Don't forward hoax emails. Check forwarded emails at www.snopes.com to ensure they don't contain a complete fallacy that will make you look gullible.

Before you hit send:

- If your email is emotionally charged, save it to draft and wait half an hour before you send it. Re-read it (or have someone else read it) and make sure what you are sending is professional, or don't send anything at all. Read, read and re-read your email message before you send it to make sure no odd typos have crept in.
- Re-check the email address. You don't want to accidentally send an email meant for a co-worker to a client.



cg biztech

Knowledge is power

Business Succession - Why Succeed?

Despite the rewards of business succession planning, many business owners fail to attend to this vital area, usually due to its perceived and apparent complexity, and the difficulty in making some important decisions. At Chester Grey we can help to facilitate the process.

Firstly, identifying the real benefits of succession planning, assists in providing the motivation to begin.

• **The business is an asset**

It is important to recognise that your business is an asset. With appropriate strategies this asset can be increased in value in accordance with a predetermined plan for succession.

• **Realising the value of the asset**

Without an appropriate succession plan it is likely that your business value will "die on the vine" as opposed to being realised for your personal retirement objectives and/or the benefit of your beneficiaries in the event of your death.

• **Control over destiny**

All businesses have a succession plan either by design or default. The difference is that a designed succession plan will provide an *exit strategy accompanied by dignity* as opposed to a default plan which *may well be accompanied by disaster*.

• **Passing on a legacy**

Most business owners have a passion for their business and/or profession. It may well be that you would prefer to see your business continue as a legacy, for the benefit of chosen employees and your family, as opposed to being subject to possible attrition.

• **Increasing the value of the asset**

Once a succession plan is implemented it is likely that the development of the plan and the consequential systems and structures it creates would increase the value of the asset for the benefit of all concerned.

• **Creating equity vs income**

In building a succession plan, emphasis is based on creating equity in the business as opposed to creating income for the principal, adopting the concept of the business owner as caretaker of the enterprise for future owners. This results in greater business value.

And remember, it's never too early to begin Succession Planning, for the future has a way of arriving unannounced! To make an appointment to discuss succession planning with our consultant Gerard Gill of BizInsure Limited, call Carole on 277 8278 or email carole.smith@chestergrey.co.nz



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