

# UHY HAINES NORTON NEWSLETTER

December 2017

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# 2017: From Our Directors

*As another year draws to a close we asked our Directors to share their thoughts on 2017.*

## **“New And Interesting Challenges”**

The 2017 year saw the audit division take on some new and interesting challenges, particularly in the insurance and wider not-for-profit sectors. We have enjoyed working with our clients and as a team feel proud to have added value and confidence across the spectrum. I would like to thank my fantastic team of audit staff who have performed their work with passion, determination and respect. I could not have done it without them.



There are numerous exciting things to build on next year and I can't wait to get into especially some of the new technology initiatives like automation in audit, big data and cloud initiatives. Let's not get too carried away but stop to refresh and recharge.

I wish everyone happy holidays and a joyous 2018.

***Sungesh Singh***

## **“A Fresh Future”**

As we come to the end of another year it is not only interesting to reflect on what we have each accomplished over the last year and what the next might bring, but to also consider and plan for what lies further down the track as we all get a little older.

At a personal level my family had several “milestone” birthdays this year:

- My eldest son turned 30
- I turned 60
- My mother turned 90



I'd like to think that we have accumulated a little combined wisdom over those 180 years.

At UHY we celebrated Tim Livingstone's retirement after 34 years in practice and welcomed Andrew Scott as a Director – at 36.

Nationally we saw a change in government with Jacinda Ardern - at 37 - becoming our youngest Prime Minister. Internationally we now have twelve world leaders under the age of 40, the youngest being Austria's leader at just 31. North Korea's Kim Jong-Un is 33.

So at many levels we are seeing a generational changing of the guard, which I believe (in most instances) is a great thing. Fresh young faces with fresh ideas and lots of enthusiasm, passion and energy to make things work.

I wish you and your families a happy and safe Christmas and New Year.

Have a good break - listen to your young people.

See you in 2018.

***Kerry Tizard***

### **“New Challenges”**

Another year whizzes past us at a great rate of knots and we are now ready for the 2018 year to bring new challenges. Both offices have run very well this year and I would like to pay a special mention to Glenys Rigby who managed our Helensville office with one full time staff member down for the whole year. She managed to juggle things around to make sure that all of the accounts and tax returns were under control and went out on time.

Both offices are going well and we have a good group of people who we work with.

2018 will be an interesting year with a new government in power. No doubt there are going to be a few significant changes that will happen - some people will like them and some people won't.

Have a good break and look forward to 2018.

**Mark Foster**



### **“We Are Who We Are Today Because of the Choices We Made Yesterday”**

One of the joys of the holiday season is the opportunity to say thank you and wish you all the best in the coming year.

2017 has been an eventful year from the change in the mayor of Auckland to the change in the New Zealand government. The housing pressures seem to have eased a bit and we may be looking at the very real prospect of a major world war between USA and North Korea.

Our audit division has seen good growth during the 2017 year and we are always ready to assist our clients in any way we can.

Please let me take this opportunity to also say a big thank you to all of the staff at UHY Haines Norton for working hard throughout the year. We are a much stronger firm because of our staff.

Wishing you a Merry Christmas and prosperous 2018!!!

**Bhavin Sanghavi**



### **“2017 Has Flown By At Incredible Speed”**

2017 certainly bought its fair share of highlights. The America's Cup returned to New Zealand after Emirates Team New Zealand took out the 35<sup>th</sup> America's Cup, the 2017 British and Irish Lions tour ended in a drawn series at Eden Park, and in October we finally saw the swearing in of our 40<sup>th</sup> Prime Minister, Jacinda Ardern.

For me personally, 2017 has flown by at incredible speed. Having been welcomed into the practice as a Director and taking the reins from retiring Director Tim Livingstone in April, I consider myself very fortunate to have had the unfailing support of my fellow Directors, of Tim, of the fantastic team at UHY Haines Norton, incredible clients, and of course my beautiful wife and children. I have thoroughly enjoyed the whole experience and look forward to building on that experience in 2018.

I am sure that 2018 will present us all with new and interesting challenges, but for now I encourage everyone to have a safe and enjoyable holiday season with friends and family.

Best wishes for the year ahead.

**Andrew Scott**



### **“Great Potential Our Future Holds”**

If you think next year is going to be better than the last one you are probably right! I recently read the book “Progress: Ten Reasons to Look Forward to the Future” by Johan Norberg (check out the [reviews on Amazon](#)). I found that the book provided an opportunity to reflect on how far mankind has come and the great potential our future holds. It was interesting to compare that perspective to the daily news which would have us believe that all is doom and gloom. If you are looking for gift ideas I can highly recommend this book.



In lieu of sending Christmas cards this year, UHY Haines Norton has once again made a donation to the Waitakere Salvation Army. This extremely busy, hard-working centre is dedicated to improving the lives of West Aucklanders by providing assistance, hope and practical skills to those in need.



Merry Christmas!

***Grant Brownlee***

## Holiday Office Hours

*Best wishes for a Merry Christmas and a Happy New Year from all of us at UHY Haines Norton*

### *Holiday Office Hours*

**Henderson Office, 22 Catherine Street** Closes 12:00pm Thursday 21<sup>st</sup> December 2017 | Re-opens 8:00am Monday 15<sup>th</sup> January 2018

**Kumeu Office, 329A Main Road** Closes 12:00pm Thursday 21<sup>st</sup> December 2017 | Re-opens 8:30am Monday 15<sup>th</sup> January 2018

**Helensville Office, 34 Commercial Road** Closes 12:00pm Thursday 21<sup>st</sup> December 2017 | Re-opens 8:30am Monday 15<sup>th</sup> January 2018

**Auckland CBD Office, 253 Queen Street** Closes 12:00pm Thursday 21<sup>st</sup> December 2017 | Re-opens 8:30am Monday 15<sup>th</sup> January 2018





# UHY Haines Norton Study Scholarship Winners 2017: Congratulations to Keegan Macdonald, Ben Marmont and Shona Mani

We are thrilled to announce that this year we are in the fortunate position to be able to award not one but three UHY Haines Norton Study Scholarships! From a large number of high calibre applications, we have chosen the very deserving winners: **Keegan Macdonald** from ACG Sunderland, **Ben Marmont** from Liston College and **Shona Mani** from Rutherford College.

## Keegan Macdonald



Keegan Macdonald, a Year 13 student at ACG Sunderland, has achieved outstanding academic success. He placed second overall in his year level in 2016 and was the school's top business studies student, winning the 'Business Cup for Effort and Achievement in Business'. This year Keegan continued his exceptional academic record by being awarded 2017 Dux in addition to receiving the Year 13 'First in Class' certificate, 'Mathematics Cup for Excellence' in Senior Mathematics, the 'Business Studies Cup for Excellence' in senior Business Studies and the 'Graphics Cup for Excellence' in Design Technology.

Diligent and hardworking, Keegan's academic record is the result of an excellent work ethic. His results and achievements have improved each and every year. As the UHY Haines Norton Study Scholarship is designed to help students with a passion for finance and numbers on their career paths, Keegan's perceptive aptitude for finance and business fits this perfectly.

Keegan is an excellent role model at ACG Sunderland. His senior leadership roles include Head of McDonald House, where he has helped organise school-wide events with great enthusiasm. His motivational and organisational skills have proved invaluable in this and other activities, always inspiring younger students to participate and help others.

In Year 9 Keegan was awarded an 'Aspire Scholarship' to attend ACG Sunderland. He admits the first year was challenging because it was so different to his Intermediate school. However, he received great support from his teachers which has been invaluable in helping him to realise his potential. He

also speaks highly of the example set by the house leaders, and the positive role his peer support network played.

Next year Keegan plans to undertake a conjoint Engineering and Commerce degree, and ultimately has his sights set on a career as a civil or mechatronics engineer running his own business.

Keegan is a firm believer in hard work. “When you’re younger you see your friends or class mates with natural talent coming top of the class or winning all of the races,” he says. “But as you get older it becomes less about your natural ability and more about your persistence. Back when I was a Year 9 if I could have seen myself sitting here I wouldn’t recognise myself! It’s all about doing what you are passionate about, because then you will enjoy it and do well. I’ve seen some kids take subjects they don’t like because they think they should, and then they don’t do as well. I think you should do whatever you enjoy the most and that will lead to a career that you enjoy.”

We have no doubt that Keegan will be a great success in his chosen field, and are delighted that we can contribute to the next stage of his journey.

### Ben Marmont



Ben Marmont, a Year 13 student at Liston College, has embraced a wide range of academic, sporting and cultural opportunities with equal enthusiasm. His academic growth has gone from strength to strength during his time at Liston, resulting in him passing NCEA level 3 with merit and tracking towards excellence (pending his external results).

Ben’s sporting achievements include several years of playing rugby, and representing the school in the New Zealand Secondary Schools Squash tournament. He believes these sports have helped his ability to work well in both team and individual activities, both of which he enjoys for the different challenges and rewards they pose.

Ben has thoroughly enjoyed his years at Liston College, and appreciates the many opportunities and support he has been given, including being baptised in a very special ceremony at the last mass of the year. Last year he had the opportunity to travel to Wellington with fellow Year 12 and Year 13 commerce department students, visiting the Reserve Bank, Parliament, Treasury, the Department of Statistics and Te Papa. The trip was a highlight of Ben’s time at Liston College, and seeing the government departments in action increased Ben’s interest in economics and commerce and cemented his decision to follow that as a career.

“Going to school out West you are given a lot of opportunities,” said Ben. “It can be hard to balance school work, sport, social life... but you have to make sacrifices. You need to work hard to achieve what you want to do. And it’s worth it.”

Ben plans to follow his love of economics and commerce with a Bachelor of Business Studies at Massey University next year. Eventually he would like to travel and see the world, and ultimately sees himself in a commerce-related career.

Ben grew up in Kumeu and believes that diversity is not only accepted but celebrated in West Auckland. He loves the way the region allows you to “just be you”.

We congratulate Ben on receiving a UHY Haines Norton Study Scholarship and look forward to watching him follow his study and career path.

### Shona Mani



A Year 13 student at Rutherford College, Shona Mani’s excellent academic record is testament to her diligence and drive for achieving excellence. A perfectionist by nature, she has consistently improved her academic results throughout her schooling and endorsed NCEA Level 1 and 2 with excellence. Her hard work was also rewarded when she was selected as the Auckland representative to travel to Wellington to participate in the NZ Geographic Olympiad Team. This year is no exception, as Shona is also on track to endorse Level 3 NCEA with excellence. She is particularly talented at Business Studies and Accounting, and was first in Accounting this year.

Shona has been heavily involved in a number of cultural groups throughout her time at Rutherford College, including the Environment Committee, Animal Rights, SADD and Unicef. Her enthusiasm and talent for organisation saw her develop into a leadership role in most of these groups. She is passionate about community spirit and has been instrumental in many successful events designed to encourage community spirit at Rutherford. She has motivated her fellow students to become more environmentally-friendly through Environment Committee initiatives such as planting a tree for every Rutherford student this year, and organising recycling bins.

“I think for me personally it has been important to take every opportunity I can get my hands on,” said Shona. “Even if I don’t succeed it at, everything is still a great learning experience. I can take those experiences and apply them to other things in life. All of my experiences from all of the clubs I



joined and everything I've been involved in prepares me for the next experience. I can take those skills and put them into practice."

Family is very important to Shona. She is particularly inspired by her parents and uncle, who encourage her to always do her best and follow her dreams. "When I was quite young my uncle used to always tell me you should do what you love because that will take you places - and even if it doesn't you will always enjoy it," said Shona. In the future she sees herself putting her love of Accounting and Business Studies to good use within the finance industry. Shona's tertiary plans are to pursue a Bachelor of Commerce at the University of Auckland, majoring in Accounting and Commercial Law.

Having lived in West Auckland since moving here with her family as a very young child, Shona loves the area's natural environment and the people, who she says are friendly and laid back but also work hard. In the future she would love to work with organisations helping the West Auckland community progress forward, such as the Foundation for Youth Development and the Salvation Army.

We wish Shona every success for her future tertiary and career path, and are sure her enthusiasm and positivity will lead to wonderful opportunities.

# Preparing Your Business For Christmas

UHY Haines Norton Director [Andrew Scott](#) shares his top tips for preparing your business for Christmas and the holiday season.

“Twas the night before Christmas, when all through the office, not a computer was whirring, not even a click of a mouse; the billings were dispatched in the post with care; in the hopes that payment (fingers crossed) soon would be there”. Okay – so not exactly a Christmas classic but one many small business owners might relate to!



The year has rapidly disappeared and Christmas is upon us. This unique time of year is a chance to celebrate, to take a break or better yet, a chance to take stock and refocus for the New Year. Here are some tips for managing your business over the holiday period.

## Managing Cash Flow

This time of year can be challenging for businesses who close down or experience a downturn in sales. Many businesses need extra cash to cover staff payments, holiday pay, overheads and to service debts while little or no income is coming in. It's crucial to plan for this period so as not to be crippled by the lack of cash flow.

- If not already, get the last of those November invoices out and bill subsequent ones as quickly as possible. Every day that passes will significantly impact your chance of getting paid before Christmas.
- Chase outstanding invoices with real purpose. Make it a priority and don't be afraid to enforce late payment penalties or interest if your terms provide for them.
- Consider reducing payment terms. If your standard payment terms are the 20<sup>th</sup> of the following month, reduce this to 7 days to help keep debtor payments as current as possible.
- Budgeting is essential. Maintaining monthly or quarterly budgets allows you to forecast your income and expenditure for December to February. Identify any shortfalls and put plans in place to minimise it. Put money aside earlier in the year to help cover the holiday period. Alternatively, approach your bank to set up or increase your bank overdraft for a period.

## Christmas Expenses

This is the time of year when you usually spend the most on staff and client entertainment. Inland Revenue provides specific rules regarding different types of entertainment expenses. Here are a few that might be helpful at this time of year.

- Costs associated with a staff Christmas party, such as food, drink, venue hire and entertainment, are all 50% deductible.
- Gifts for customers are usually classed as business expenses and are generally 100% deductible. However, if food and drink are provided as gifts to customers, clients or suppliers off-site of business premises they will be limited to 50%.

- Gifts for staff are generally fully deductible, but may be subject to PAYE or FBT depending on the nature of the gift. Generally:
  - Gifts of cash – fully deductible, but subject to PAYE. The business should typically gross up the payment and include this in their payroll.
  - Gifts (food or drink) – fully deductible if subject to FBT, otherwise 50% deductible.
  - Gifts (other) – fully deductible, but majority subject to FBT unless certain “de minimis” exemptions apply.
- If you take a customer out for a meal or provide one on your premises it is 50% deductible.
- Any donations your business makes to a registered charity, whether in the form of money, food or gifts are 100% tax deductible.

## Tax Obligations

There are various tax obligations that fall due in January. These should be prioritised because late payments will incur penalties. Prepare for these prior to Christmas if you are on holiday in January.

- GST ending 30 November 2017 is due to be filed and paid by 15 January 2018.
- Provisional tax is due on 15 January 2018 if you file GST on a monthly or two-monthly basis, or you are not registered for GST, or if you use the ratio method.
- Employer monthly deductions are due on either 15 January 2018 or 22 January 2018 depending on the level of PAYE and ESCT you deduct per year.
- Quarterly FBT returns and payment are due on 22 January 2018.

## Other Considerations

Remember to let customers, suppliers and others know in advance your Christmas close-down hours and when you re-open for business.

If you require additional stock to keep running over the period or your business premises or goods are at greater risk, make sure your insurance cover is sufficient and up to date.

And finally, if you are setting New Year’s resolutions then don’t forget to include plans for the business. As small business owners our personal goals are often achieved out of business success!

UHY Haines Norton Director [Andrew Scott](#) can be contacted on (09) 974-4529 or email [andrew.scott@uhyhn.co.nz](mailto:andrew.scott@uhyhn.co.nz)



# Farm Accounting: Figured and Xero Together

UHY Haines Norton Director and Farm Accounting specialist [Mark Foster](#) explains the benefits for farmers of using [Figured and Xero](#) software together.

There is good news for farmers looking to improve their management of farm performance and profitability. Xero accounting software has the ability to manage livestock tracking with the help of the farm accounting software Figured.



Figured integrates with Xero for all livestock reporting and tracking. Some of the advantages that Figured provides are:

1. The ability to track actual numbers of livestock on hand at any point in time simply by inputting sales, purchases, deaths and births. Every time one of these types of transactions occur it is recorded in the software. Therefore there is no requirement at the end of the year to manually reconcile your closing numbers because the closing numbers have already been calculated.
2. The ability to forecast profit position to the end of the year taking into account forecasted sales and purchases of livestock, milk pay out and milk solids generated. Expenses can be entered based on the forecast. Banks are happy with this system as it gives a better indication of profitability, and there is more likelihood of loans being granted if banks know that the farmer and their accountant have the financials under control.
3. The system enables sharing of information. This means that we as accountants have all of the same information as the bankers and the farmers. Thereby all interested parties can view actual performance during the year instead of having to wait until the end of the year.
4. As a consequence enables better tax planning and payments.

So the benefits of Xero and Figured working together are significant. Together they give you a far better understanding of how your farm is operating, and also enables us more accessibility to your performance through the use of these cloud based systems.

If you would like to discuss [Xero and Figured](#) or any aspect of Farm Accounting, please contact [Mark Foster](#) at [markf@uhyhn.co.nz](mailto:markf@uhyhn.co.nz) or phone (09) 420 7957.





# Taxing Matters

*A summary of the latest tax changes relating to individuals and businesses.*



- From 1st January 2018 the first year of tertiary education will be fees-free. The government is also introducing a \$50 per week boost to student allowances and loan entitlements for living costs, a move anticipated to make more than 130,000 students better off. Eligible students will either be able to obtain their first year of tertiary study fees-free, or their first two years of industry-based training fees-free. This is part of the government's initiative to make tertiary education and training more affordable and accessible for everyone.
- On 30<sup>th</sup> November 2017, the Bill extending Paid Parental Leave was passed by Parliament. In July 2018 Paid Parental Leave rises from 18 to 22 weeks, and in 2020 it will rise again to 26 weeks.
- The IRD has updated the information relating to [sole traders](#) on its website to clarify the following:
  - Sole traders are not paid wages; money withdrawn from the business is classed as 'drawings' and these are not deductible business expenses because they are deemed to be 'profits'.
  - Individual tax rates apply to sole traders.
  - Independent earner tax credit (IETC) applies where the sole trader earns between \$24,000 and \$48,000.
- IRD has offered assistance in the form of [tax relief to farmers](#) who may be affected by the dairy price downturn. They are allowing late deposits to the income equalisation scheme for the 2015-16 income tax year as well as early refunds from the scheme in the case of "adverse events" or in circumstances of serious hardship.

## Client News: Awards for Tennent + Brown Architects Ltd

Congratulations to Wellington-based firm [Tennent + Brown Architects Ltd](#). Their new education and visitor centre 'Te Wharehou o Waikaremoana', created at Lake Waikaremoana for Ngai Tuhoe, has received the Ted McCoy Award for Education, the National Architecture Award and the Branch Award in the 2017 New Zealand Architecture Awards. Nestled in a bush-clad setting next to Lake Waikaremoana, the construction was praised for balancing a sensitive design approach that does not impose on its natural landscape whilst still conveying an assertive presence ideal for Ngai Tuhoe's visitors.



*Copyright Andy Spain 2017 [www.asvisual.nz](http://www.asvisual.nz)*

Tennent + Brown Architects Ltd have been recognised with a multitude of design awards over the past 14+ years for their innovative designs and focus on sustainability. The firm's strengths in creating innovative designs that embrace the environmental, social, commercial and architectural facets of every project have resulted in their enduring success and national recognition.

## Staff News December 2017



We are delighted to welcome on board a new Accountant in our Helensville office. **Stephanie Schroder** comes from the commercial accounting realm, having worked at Penguin Random House (book publishers) before joining our practice. Stephanie lives in Helensville and can see the UHY Haines Norton office from her house so she is excited for the super easy one-minute commute to work every day! Away from work she loves all things outdoors, including skiing, mountain biking, nature walks and surfing.

We were sad to say goodbye to Henderson Accountant **Dharmesh Kumar** last month. We will miss his upbeat personality and the enthusiasm he applied to every aspect of his role, and wish him the very best for the future.

Congratulations to **Samson Ali** in our Audit team, who has passed his CPA Global Strategy Exam and now has only one elective paper to go.

Congratulations to Accountants **Arpita Khanwalkar** and **Rafe Williams**, who are both being promoted to Senior Accountant positions.

UHY Haines Norton... the accountants taking you into the future! We were very proud of our space-themed float in this year's Kumeu Christmas parade on 8<sup>th</sup> December. It featured a very cool rocket ship, spaceman, alien and meteor rocks. And our Kumeu crew rocked the space look!









## On a Lighter Note: Christmas Humour

