

# KNOW HOW

**CHANGING THE  
FACE OF ADVISORY**

Pg 2



**AIR NEW ZEALAND  
AIRPOINTS  
LOYALTY CREDIT  
CARDS**

Pg 3



**IRD USE - OF -  
MONEY INTEREST  
RATES ON THE  
RISE**

Pg 3



## APRIL 2015 ISSUE



### CONTENTS

- ▶ Changing the face of Advisory
- ▶ Air New Zealand Airpoints loyalty credit cards
- ▶ IRD use-of-money interest Rates on the rise
- ▶ Attention foreign companies doing business in NZ
- ▶ Xero launches payroll solution
- ▶ Budget 2015
- ▶ Small Business Toolbox

Welcome to the April issue of BDO Know How, in which we take a look at Crunchboards, a cloud based platform that draws on your Xero data to create user-friendly reports with real time analysis. At BDO, we strive to understand your business, its goals, and how you define success and through Crunchboards we have the tools to obtain timely information to help you make better decisions.

We also discuss other relevant business issues such as changing airpoint credit cards, the recently launched small business toolbox and UOMI rate changes. We hope you find something of interest in this edition.

If you have any feedback please email [editor@bdo.co.nz](mailto:editor@bdo.co.nz)

**ATTENTION  
FOREIGN  
COMPANIES DOING  
BUSINESS IN NZ**

Pg 4



**XERO LAUNCHES  
PAYROLL  
SOLUTION**

Pg 5





## CHANGING THE FACE OF ADVISORY

BDO is excited to announce the nationwide launch of CrunchBoards.

CrunchBoards is an award winning cloud-based platform that draws on your Xero data to create simple user-friendly reports that provide you with real-time analysis on how your organisation is performing.

CrunchBoards will be able to assist you and your management team to see your organisation in a whole new way, including:

- monitoring current performance to see how you're tracking against targets
- looking back at your historical results to assist with reporting and understand underlying trends
- forecasting with multiple scenarios

It also allows BDO to provide you with timely and cost-effective business growth advice and business intelligence that you can action immediately.

Forget dashboards, we're talking online, real-time flexible reporting with stunning simplicity. Please read below for some great insights and client stories.

### Looking to the future

We recently introduced a leading boutique real estate client to CrunchBoards. Within minutes we could show them how they were trading for the first nine months of the financial year and look forward to see their projected earnings. This ability to forecast changed the conversation and we were able to help them agree on earnings targets and work backwards to derive required income levels. We then worked alongside them asking the questions to help them determine their strategy to achieve these income targets.

Our client loves the real-time display of CrunchBoards and the way it makes month-end results exciting and important. They are getting value from budgets and forecasting and the technology is allowing our advisers to track performance and ask the right questions to ensure they stay on track to reach their business goals.

### Equipping decision-makers with the tools to make great decisions

Another client in the IT sector is focused on maintaining their niche position and harnessing the best IT talent in the marketplace. Before CrunchBoards, financial decisions were often made on a 'best guess' basis and without all the relevant facts. CrunchBoards has now allowed budgeting to become meaningful to this dynamic organisation by modelling multiple scenario options. Today, the business can analyse live data, and key decision makers can be made aware of trends and KPIs immediately. The company's Board is now equipped with the right information to help them decide 'where to next'. Our client has more certainty around risks and greater comfort around identifying and evaluating growth opportunities. They were so impressed that they visited the founders in the UK, fascinated with what they were doing in a sector the client thought they understood.

### Delegating responsibility for business growth

Like many businesses, one of our successful contracting clients is facing succession issues and is looking to delegate key areas of control and responsibility as it significantly grows in size. Lack of access to appropriate data left key personnel feeling they were unable to contribute as much as they would like to the organisation's success. CrunchBoards opened up the access to key metrics of a particular division, while keeping the rest of the business out of view. Division-specific revenue lines, blended with non-financial data allows key management to take ownership of their area, without risking disclosure of profitability or sensitive balance sheet data. Our client is receiving the benefits of increased satisfaction of key management staff, an increasing ability to delegate and growing confidence around starting the succession journey.

**To find out how BDO and CrunchBoards can help your business contact your local adviser today.**

## AIR NEW ZEALAND AIRPOINTS LOYALTY CREDIT CARDS

There's been lots of media attention around BNZ and Air New Zealand going their separate ways and new banks joining the significant airpoints loyalty scheme market.

Without commenting on the pros and cons of the credit card options available, we would like to remind you that:

1. Airpoints are not taxable
2. The taxability or otherwise of cash backs depends on the business vs personal nature
3. If you're using your credit card for business expenses, to the extent that you're feeding your transactions electronically into your accounting system, then if you change credit cards you will need to also change the feed to avoid an accounting nightmare!
4. If you've set up regular Direct Debits from your credit card, these will need to be updated if you change cards

Perhaps this is a good time to think about what your needs are, consider the costs vs, the benefits, and don't lose sight of your core business in the pursuit of a loyalty point!



## IRD USE-OF-MONEY INTEREST RATES ON THE RISE

The IRD use-of-money interest rates on underpaid and overpaid tax will rise on 8 May 2015. The interest rate charged by the IRD on underpaid tax will rise from 8.40% to 9.21%, and the rate paid on overpaid tax will rise from 1.75% to 2.63%.

# ATTENTION FOREIGN COMPANIES DOING BUSINESS IN NZ DIRECTLY OR VIA SHAREHOLDING

New Zealand law requires that all entities (whether New Zealand registered or not) that are required by statute (refer Table 1) to file financial statements with Companies Office must file audited New Zealand Generally Accepted Accounting Practice (NZ GAAP) compliant financial statements, even if you are a foreign entity and not required to report under GAAP in your local jurisdictions and/or do not have an audit requirement.

Prior to annual periods commencing on 1 April 2014, the Registrar of Companies had provided "blanket" exemptions for most foreign entities whereby these entities were able to file their foreign jurisdiction compliant financial statements. If these entities did not require an audit under local requirements, they were generally exempted from having to file audited foreign financial statements.

For annual periods beginning on or after 1 April 2014, when the amended Companies Act 1993 comes into effect, these "blanket" exemptions have fallen away. Instead, the Registrar can provide a Section 203 notice to a foreign company in respect of the acceptability/applicability of their local jurisdiction financial statements so long as the Registrar is satisfied that:

- The foreign entity's local statutory requirements are substantially the same as the New Zealand Companies Act 1993 and
- Foreign financial reporting requirements are substantially equivalent to New Zealand financial reporting requirements.

**The onus is on the foreign entity to apply for a Section 203 notice.**

If a S203 notice is not issued, the Registrar does have the power to grant specific exemptions to overseas companies under [S207L](#). These specific exemptions relate to:

- ▶ S201 – the preparation of financial statements
- ▶ S202 – the preparation of group financial statements
- ▶ S207 – the audit of financial statements
- ▶ S207E – the registration of financial statements

All of the above exemptions are unique exemptions and **must be applied for by the entity concerned**.

It is **highly recommended** foreign entities that carry out business in New Zealand make applications for exemption under S207L as early as possible due to the expected volume of applications likely to be made.

Table 1 – Companies required by New Zealand law to file audited financial statements

Entity type	Preparation Requirement?	Filing Requirement?	Audit Requirement
Financial Market Conduct Act 2013 reporting entity (Publicly accountable entities)	✓	✓	✓
Large New Zealand registered company with <25% overseas ownership (Large = >\$60m assets or \$30m revenue)	✓	✗	✓ (Can opt out)
Large New Zealand registered company with >25% overseas ownership, but not a subsidiary of an overseas company (Large = >\$60m assets or \$30m revenue)	✓	✓	✓
Large New Zealand registered company that is a subsidiary of an overseas company (Large = >\$20m assets or \$10m revenue)	✓	✓	✓
Large overseas company carrying on business in NZ (Large = >\$20m assets or \$10m revenue)	✓	✓	✓
Any other companies with 10 or more shareholders	✓ (Can opt out)	✗	✓ (Can opt out)
Any other companies <10 shareholders	✗ (Can opt in)	✗	✗ (Can opt in)

▶ For more on the above, please contact your local BDO representative.

# TAX STATS APP

## BDO'S TAX STATS HAVE GONE ONLINE AND WE'VE UPDATED THEM FOR THE 2015/16 FINANCIAL YEAR

BDO's Tax Stats is a free guide, giving you an indication of tax rates and allowances available in New Zealand for the 2015/2016 tax year (unless otherwise stated).

We've updated the app with all the latest information you need to know, and we've made it available across all your devices - Desktop, Laptop, Tablet, Smartphone. Be sure to bookmark it for future reference!

This is part of our ongoing investment to provide you with the best up-to-date tools to support your business.

Visit <http://bdo.co.nz/taxstats> in your browser



## XERO LAUNCHES PAYROLL SOLUTION

Xero introduced 'Payroll' functionality to its accounting software on the 1st April, which allows business owners and their employees to schedule time off and view payment information from any device at any time.

Payroll in Xero allows businesses control their cashflow by providing them with the necessary bank files to pay employees and the Inland Revenue. The employee app also processes payroll and can manage leave requests. It also centralises all the information in one place therefore reduces double handling by allowing employees to apply for leave and view pay history.

## BUDGET 2015

The Government has confirmed that the 2015 Budget 2015 will be delivered on May 21 and already there is lively discussion regarding the Government priorities

As always, BDO experts will be providing comments on tax and business issues surrounding the announcements. This year we will be releasing a short commentary on Budget day on the key changes and how it will impact you and your business. Also follow our coverage on twitter and LinkedIn.



## SMALL BUSINESS TOOLBOX

Statistics New Zealand has launched a new section on its website aimed at helping small business find information about their competitors and target markets.

[http://www.stats.govt.nz/tools\\_and\\_services/business-toolbox.aspx](http://www.stats.govt.nz/tools_and_services/business-toolbox.aspx)

The small business toolbox gives access to information that was largely already available on the Statistics NZ website but was often difficult to find.

The tools can provide financial details of the industry in your area or can be used to pinpoint which locations might be fertile ground for a business. This is extremely useful for anyone wanting to start or grow a business. For example, a business selling a product aimed at women aged 35-44 who earn more than \$50,000 can use the market mapper tool to see that the densest populations of potential customers are in Auckland, Wellington and Nelson.

Statistics NZ says the tools can also be used to help estimate a businesses market share or total market size, which might be useful when applying for a bank loan or gauging the potential for growth.

---

To find out more about BDO, please  
contact your nearest office on

**0800 379 528**

#### FOR MORE INFORMATION CONTACT

##### KERIKERI

Homestead Road,  
Kerikeri  
T: +64 9 407 7250  
E: kerikeri@bdo.co.nz

##### WHANGAREI

49 John Street,  
Whangarei  
T: +64 9 430 0471  
E: northland@bdo.co.nz

##### AUCKLAND CBD

BDO Tower, Level 8,  
120 Albert Street,  
Auckland  
T: +64 9 379 2950  
E: auckland@bdo.co.nz

##### AUCKLAND NORTH SHORE

Level 10, BDO Tower  
19 Como Street, Takapuna,  
North Shore  
T: +64 9 486 2125  
E: auckland@bdo.co.nz

##### AUCKLAND EAST TAMAKI

Level 2, BDO House,  
116 Harris Road,  
East Tamaki  
T: +64 9 274 9340  
E: auckland@bdo.co.nz

##### HAMILTON

Level 1, BDO Building,  
1026 Victoria Street,  
Hamilton  
T: +64 7 839 2106  
E: waikato@bdo.co.nz

##### TAURANGA

Level 1, The Hub,  
525 Cameron Road,  
Tauranga  
T: +64 7 571 6280  
E: tauranga@bdo.co.nz

##### ROTORUA

1130 Pukaki Street,  
Rotorua  
T: +64 7 347 9087  
E: rotorua@bdo.co.nz

##### GISBORNE

1 Peel Street,  
Gisborne  
T: +64 6 869 1400  
E: Gisborne@bdo.co.nz

##### NEW PLYMOUTH

10 Young Street,  
New Plymouth  
T: +64 6 759 9034  
E: newplymouth@bdo.co.nz

##### NAPIER

86 Station Street,  
Napier  
T: +64 6 835 3364  
E: napier@bdo.co.nz

##### PALMERSTON NORTH

32 Amesbury Street,  
Palmerston North  
T: +64 6 358 4163  
E: manawatu@bdo.co.nz

##### WELLINGTON

Level 1, Chartered Accountants  
House,  
50 Customhouse Quay  
Wellington  
T: +64 4 472 5850  
E: wellington@bdo.co.nz

##### CHRISTCHURCH

30 Sir William Pickering Drive,  
Burnside,  
Christchurch  
T: +64 3 379 5155  
E: christchurch@bdo.co.nz

##### INVERCARGILL

46 Don Street,  
Invercargill  
T: +64 3 218 2959  
E: invercargill@bdo.co.nz

This publication has been carefully prepared, but it has been written in general terms and should be seen as broad guidance only. The publication cannot be relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained therein without obtaining specific professional advice. Please contact your local BDO member firm to discuss these matters in the context of your particular circumstances. BDO New Zealand Ltd, its partners, employees and agents do not accept or assume any liability or duty of care for any loss arising from any action taken or not taken by anyone in reliance on the information in this publication or for any decision based on it. BDO New Zealand Ltd, a New Zealand limited liability company, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. BDO New Zealand is a national association of independent member firms which operate as separate legal entities.

For more info visit [www.bdo.co.nz](http://www.bdo.co.nz)

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

