Newsletter - April 2009

Welcome to the first of our new series of monthly newsletters. Our intention is to provide our clients with up-to-date information about Sage accounting software, including a tips and tricks section, and to also include additional information that may assist in the running of your business. To assist with this we have subscribed to a locally produced newsletter for chartered accountants and their clients. This section will include general accounting and taxation advice and reminders - if you have queries about the issues raised please seek professional advice from your accountant.

Sage 50 v2009 / v15

Lost in Transit?

The new version is available and we have installed upgrades for many of our customers. If you had upgrade cover through Passage Software and have still not received your upgrade, please contact me on 04 477-4411 or via email as we now have a way of expediting the receipt of your software.

Update Available

Sage plc has released an update for Sage 50 v15. It can be downloaded via the link below:

http://www.adeptcom.co.uk/updates.htm

Select option 4, accounts2009update1.exe. The download window will be presented, select "Save", and note the folder that the file is being saved in. When the download has completed, click "Run" and accept the defaults given. Make sure you install the update on all workstations in a network environment.

The new version has changed the way it prints Message items on invoice and order documents. The first line of each section using the Message (or Memo) item now prints an asterisk at the start of the line. This can be removed in the following manner (this example uses Invoicing; Order Processing works in a similar manner).

1. Select Edit from the invoice printing screen.
2. Go to Settings and change the Conditional Formatting to Yes
3. Go to the INVOICE_ITEMS.DESCRIPTION field
4. Go to the field properties, find the Conditional Formatting tab and enter the following:

INVOICE_ITEM.STOCK_CODE = "M" And

StartsWith(INVOICE_ITEM.DESCRIPTION,"*")?

Trim(Remove(INVOICE_ITEM.DESCRIPTION,0,1)):

INVOICE_ITEM.DESCRIPTION

(This should be entered as a single line of text even though it may word wrap.

If Sage removes the leading *, this expression will still work. If it looks too complex for you, please contact us and we will be happy to help.

How to minimise the costs for the preparation of your end of year accounts …

When your accountant prepares your annual accounts, two things can easily increase costs: too little information, and too much information.

Too little information

Each time you are asked for more information, your file is put aside while you supply the information. This adds to the cost of the job. Ideally, the most efficient way is working straight through your assignment and finishing it in one session. This is seldom possible. However, the fewer questions and quicker your responses, the more efficiently the work can be completed.

Too much information

A few clients try to give their accountants everything. This often means a time-consuming search through the papers for what is needed. When what is required cannot be easily found, a second search will often be made, just in case, before you are contacted.

What to do

Many accountants provide a form or questionnaire for clients to complete which lists all the information that they require. Provide all the information requested but no more. Reduce next year's queries by keeping a note of the requests for more information, which you can then refer to in following years.

To make it easier for your accountant

Do not give them all your processed information unless you have first discussed what you are going to produce and they have agreed. If the information does not fit within their office systems, the work will often take much longer and involve more skilled staff.

Keep your bank on-side

As the economy gets more difficult, banks will become more risk averse. What can you do to keep the bank happy? You can provide the information that the bank wants, on time. If your bank wants to see your finiancial statements early in the year, contact your accountant so that he can allocate time for your accounts - plan ahead so that the information is available when required.

Controlling your debtors

DEBTORS turnover is the number of times credit sales turn over in a year. If your average debtors were $10,000 and your total credit sales for a year amount to $40,000, then your debtors turnover is four times a year. It is similar to stock turnover. Since there are 365 days in a year, the "Age of Debtors" in this example is a quarter of 365 = say 91 days. Monitor your Age of Debtors and set a target.

Accountants also classify debts into one month, two months etc. We call this an Aged Debtors Analysis. A joiner we know not only gets as big a deposit as he can on every job (he's prepared to negotiate), but also insists on payment immediately the joinery is installed. He reminds the customer a day or two in advance to have a cheque available. His business is thriving and still growing rapidly. In another case, an auditor was checking the financial statements of a client and studied the Aged Debtors Analysis. He found a high proportion of old debts at year end. The client admitted many of these were bad and needed to be written off. A good profit suddenly became a poor result.

Do you have any bad debts? *Write them off before year end* so you don't pay tax on them. Money owing to you is not money in the bank. Give priority to controlling your debtors. If the figure is too high, do something about it, now. Controlling your debtors will become increasingly important as the economy gets worse. If a debtor is shaky, the first person to get tough usually has the best chance of being paid.

If your problem is with a company, you can threaten to get it wound up. This can be very effective. If you want this procedure clarified, call us. Measure your debtors and manage them. In next month's newsletter I will be covering new features in Sage 50 v2009 that assist with debt chasing and cashflow forecasting.

Sage 50 v2009 - Departmental Budgets

If you were using departmental budgets under v2007, you would have noticed that it was very slow to open and save each budget for each G/L code. V2009 makes this task much quicker with only a second or so delay as it saves (compared to a minute or more in the earlier version).

Department codes and references revert to the v10 method of setting up 1000 pre-allocated numeric department codes. You can no longer use alpha references. We have a utility to change these codes if required (only needed for v2007 users).

Departmental reporting has also improved hugely. If you use departments, v2009 offers compelling benefits when you upgrade.

Traps in overseas bank accounts

If, as an **individual**, you have money invested in overseas loans and bank accounts, you are permitted to include only the interest **received** to balance date, provided the sum of all your investments falls below some defined limits.

One of these is calculated from a comparison of the opening cost or value of the investment and its worth now. For example, you might have put $US100,000 into a US bank account on 31 March 2008. At that time the exchange rate for $US was about NZ 80 cents. Your US bank account was worth about $NZ125,000. If the NZ dollar falls at 31 March 2009 to an equivalent of, say, NZ55 cents, the $US100,000 is now worth $NZ181,818. Deduct the original $125,000 and you will find you have a gain of $56,818.
You are only allowed to ignore currency fluctuations plus earned but unpaid interest, so long as the total of all "financial arrangements" (bank accounts and similar anywhere in the world) do not have gains exceeding $40,000. In the example given, your currency profit alone would push you over the threshold. If you could be caught by this, you might need to pay extra provisional tax now to minimise Use of Money Interest payments to IRD. You could also be caught if you had a lot of interest, earned but not yet paid, on your New Zealand investments because these have to be added in for the purposes of deciding if the $40,000 threshold has been exceeded.

Sage 50 pricing

The current special pricing finishes on the 31st of March, 2009. If you are still considering upgrading to v2009 existing prices may still be available until new pricing is released.

FBT - Emergency Call-outs

A vehicle is not exempt from fringe benefit tax just because it is taken home in case of need. The exemption applies on the day the vehicle is used for an emergency call-out. You are allowed to use the vehicle privately on a day where there has been and emergency call-out and still have that day exempt from FBT. If a person is on call they do not automatically qualify for the call-out exemption.

What constitutes an emergency call-out? Note the following:

The call-out has to be at a weekend, statutory holiday, or between 6pm and 6am on working days.

The visit is to attend to some essential plant or service, or the personal health or safety of a person.

If it is a case of personal health or safety, there are no restrictions.

Sybiz / Adept Annual Conference

Recently Wendy and I attended the annual Sybiz conference in Adelaide. This showcased all the products that Sybiz distributes; our main interest was in the Sage software range, but it was also interesting to see other products while we were there. Before we left New Zealand we had had a query from a client about hand-held scanners integrating with Sage 50 software. Part of the conference included an expo of exhibitors offering add-on solutions, and two of these exhibitors were offering mobile solutions, one of which looks very promising and affordable.

We also attended a number of seminars that examined sales and marketing in different ways, and one fact that certainly challenged my thinking was the measured cost of generating a lead / opportunity for new business. In our industry, they estimated it costs $700 to generate a lead, $1900 to generate an opportunity. In other industries it will cost more or less, but the message is the same - generating new sales is hugely more expensive than selling to existing customers, so consider ways that you can keep in touch with your existing customers and provide them with the products and services that they require.

It is also surprising how such events can be great for networking. With no-one else from Wellington attending, it was surprising when one of the other attendees said his brother lives in Wellington, runs his own business and could be looking for accounting software and support. So make the most of the chance to talk to people - you never know what it may lead to.

After 5 days of very warm and pleasant weather in Adelaide we returned to Wellington airport at 12.30am in the morning to 11deg C temperatures and a 30-50knot southerly that had our hostess accusing the pilot of wanting to be a helicopter pilot after bouncing in to land. Youtube has an excellent clip of a selection of landings that can be seen at the link below:
http://www.youtube.com/watch?v=P_LaAkAyoz0
You may never want to land at Wellingon airport again!

Suggestions

Please let me know if you would like a particular topic covered in our newsletter, or if you have any other suggestions that may make it better and more relevant for you.

Our contact details are:
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Wellington
Ph. 04 477 4411

It has been a tough few months as we have gone through the process of changing distributor. Thank you for your support during this time. If you would like a challenge of a different nature and enjoy the outdoors, this could be for you, the toughest running race in the country:
Http://www.tararua-race.org.nz/
Thanks again,
Shane Durrant

April 7
2008 Terminal Tax
(March balance date)

May 7
3rd Instalment 2009
Provisional Tax
(March balance date)
GST for March 2009

May 28
1st Instalment 2009
Provisional Tax
(December balance date)
GST for April 2009

Never say die when it comes to sales

If you earn your living by selling, this story might provide some inspiration.
One of our clients told us about calling on a customer for nearly six years. He estimates he made more than 30 calls but got no orders. Then, out of the blue, came the big one.
"I kept calling on him because I knew how big he was," our client said. "I knew I would get him when I was at the right place at the right time. Now this is our customer and no longer one to be won."
He went on, "And here is another story. I called on another customer every two weeks for almost two years without any success. Then it happened. One day they gave me a big list and simply said, 'Supply it'."
They did not even ask for a quote. Our client advises, "You have just got to take the knocks. You must not be out there for just the good times."
Remember, the client may not be saying no, not at all, just no, not yet.