



Sage 50 v2009 / v15

General Ledger Journal Options

The new version has two new options when posting journals. These are a journal reversal option and auto-reversing journals.

Journal Reversal

To reverse a previously posted journal, first identify the audit trail transaction numbers for the journal you wish to reverse. To do this either identify the journal through Nominal Ledger, Reports, Day Books, or go to Financials and browse the audit trail on screen. Take a note of the transaction date, reference and department number. Then go to the Company, Nominal Ledger module. Click on the "Reversals" button. Click "OK" (make a backup first if required, often a good idea) and enter the Start transaction number and the End transaction number and the other journal details from above. The details must match exactly otherwise the reversal will not proceed.

The journal is now displayed. Click on the transaction lines that you wish to reverse (make sure that they total to zero) and click on the "Reverse" button. The journal reversal is now displayed. Click on "Save" to proceed with the reversal.

Auto Reversing Journal

To enable auto-reversing journals, go to the menu bar and select Settings, Company Preferences, Parameters. Put a tick in the "Enable Reversing Journal" check box.

You will now notice that there is a "Reverse Journals" check box at the bottom of the Journal input screen. If you wish to automatically reverse your journal, place a tick in the box and fill in the date that you wish to have the journal reverse.

Skeleton Journals

While on the subject of journals, a reminder that you can memorise journal entries that you use regularly (even if the amount changes). Key the journal, but before you Save it, click on the "Memorise" button. Next time just use "Recall" rather than rekeying the entire journal, and change the amounts as required.

Directorship a serious matter

Company directors can be sued personally if they have not taken care when the company is borrowing money. They need to know, at the time they borrow, that they could repay the debt according to the arrangement made.

For example, a builder has just had a major customer fail and there is considerable doubt as to whether he will be paid. If his own business is now shaky and he orders some more materials on credit, he could be personally responsible for the debt.

Company law requires him to know, at the time of placing the order, that the goods can be paid for when payment is due and the assets of the business exceed the liabilities. This determines if the business is solvent.

In the event of trouble, the director could be asked to show why he believed the company was solvent at the time the order was placed.

Data Backups

How good are your data backups? Consider for a moment how well you would be prepared in the following situation (and I hope it never happens): Instead of sitting at your computer today reading this email newsletter, imagine if when you arrived at work this morning you discovered that a fire had destroyed all of your paper files and computers. How quickly could you reinstate your business systems? And if you have backups, are you certain that they will work? (i.e. Have you tested that the restore works, and that the right data is restored?)

There are now many options for backups, and some solutions may be more suitable than others depending on your situation. You should consider the following options:

- Tape Drive and Tapes
- USB Flash Drives / Memory Stick
- Online Backup Solutions
- USB external Hard Drives
- DVDs

For instance, DVDs may be the best option if you store graphic images as each volume can be used to store related images. It is a good option if the data does not change after creation.

USB Flash drives are convenient and very portable, making it very easy to make a backup and take it off site with you (storing a backup off-site is a key requirement in a good data recovery strategy).

New tax thresholds introduced

INLAND REVENUE has introduced new tax thresholds. Below are some of the important ones.

The **PAYE** threshold for compulsory bi-monthly returns is now \$500,000.

The threshold for **annual Fringe Benefits Tax** returns and the allowances for minor other benefits has increased.

You can have a deduction for **legal costs** of a capital nature. This does not mean all non-deductible legal costs are now deductible. For example, the costs of forming a company will remain non tax deductible as will any private costs.

The **Use of Money Interest** limit for individuals has gone up from \$35,000 of tax to \$50,000. This will help some of our clients, however, the \$2500 threshold for companies and trusts has not been changed.

You can do your **GST** returns **six-monthly** if your total sales do not exceed \$500,000. Be careful if you are a company and want to change.

Tax will payable on 28 October and 7 May each year. If you want to transfer tax payments from the company to yourself, the payments will be late. This is because, as an individual, you will pay tax on 28 August etc. A 28 October payment is therefore two months late.

The **provisional tax uplift** has been reduced. In future, when your accountant has completed your annual accounts, you will pay the same amount of provisional tax as your tax liability for the previous year. Put simply, provisional tax will no longer automatically increase by 5%.

However, if your income rises in the ensuing year, **you could still be caught for Use of Money Interest** by exceeding the UOMI threshold.

The **GST registration** threshold has gone up to **\$60,000**. You may deregister for GST if you are below this figure, however, if most of your customers are paying GST, you could be better to stay registered so you can continue to claim GST paid on your expenses.

Sage 50 shortcut keys

Recently a number of clients indicated that they were unaware there are keys within Sage 50 that perform special functions. The main ones are as follows:

[F4]	Search Key
[F6]	Copy from the cell above
[Shift]-[F6]	Copy and increment by one from the cell above
[F7]	Insert a line
[F8]	Delete a line
[F9]	Calculate net GST from gross amount keyed

[F4] is available when searching for products or customer/supplier accounts, [F9] is available whenever you would use the "Calculate Net" button.

Also, if you press the [Alt] key you will see that many of the button titles have an underline (for example, Save). This indicates that you can use the [Alt]-[S] key combination instead of using the mouse to click on the button. This is often more efficient for data input, as using a second input device (the mouse) can reduce input efficiency by 20-30%)

Debt Collection - an internet tip

A reader told us about New Zealand Blacklist. It is an online debt recovery service. It may suit some types of debt recovery - if you are interested try the following link: www.nzblacklist.com

Pocket no place for business cards

The second best way to waste business cards is to keep them in your pocket. The best way of all is to never have them in your pocket in the first place! Sprinkle your business cards generously. You don't have to give them out one at a time. Look for opportunities to give away several, especially where the prospect of referrals is good.

Deposit Dangers

The following situation is often all too common during tough economic times. Two businessmen talk.

A: "How's business going?"

B: "Not very well. We ran out of work a couple of months ago."

He did have some jobs at the time, however, at the time A was talking to him, and added, "I have employed a salesperson. We are going to climb out of this problem. The bank has refused to lend us any money but fortunately we have our deposits and they will keep us going for a little while. I have to keep paying the creditors or they will refuse to supply me."

Enough said. He is in a precarious situation - what happens if the deposits get used up and he can't continue to work? He will have to repay them but might go broke instead.

Be careful of deposits. If you collect deposits, you could hold them in a separate bank account, like a trust account, and draw on them to match the specific payments that you have to make.

We doubt that many people do this but it would surely be good housekeeping and an example of best practice when handling customer deposit transactions.

Family Trusts

I am sure many businesses, when trying to collect debt, have discovered that the business they extended credit to now has no money or assets when they try and collect the debt. Some of these businesses go into liquidation, only to re-emerge as The Same Company 2009 Limited with similar shareholder(s) and related director(s). The directors have no assets as they are all owned by their family trusts or associated companies, and they are effectively protected from financial harm. Even if they have given personal guarantees, often creditors decide it is not financially advantageous to bankrupt the director as he has no assets to claim.

I am very against directors using trusts to allow delinquent and unethical behaviour with impunity. However, if you run a business there are some situations beyond your direct control that could result in personal liability.

For example, an employee responsible for filing the company's PAYE and GST and organising the payment transfers two months of payments to the IRD to their own account and spends all the money before you find out. Business is tough and this loss of funds causes the business to fail. As a director, IRD can hold you personally liable for the unpaid tax and force the sale of property to recoup money owed.

And sometimes director's make mistakes - should you lose your house because of an honest mistake? Did the clerk at Westpac lose her house because a keying error cost her employer millions?

Reduce Personal Risk

You can put your home into a family trust to help protect it from business risk.

Do this by selling the house to the trust and then forgiving the debt over several years. The sooner you start, the sooner the trust can own the house.

The maximum permissible gift per year by any one person, without incurring gift duty, is \$27,000. A couple can therefore give a total of \$54,000 in a year.

Note: If you are in a relationship breakdown, the family trust is separate and does not become part of a matrimonial property settlement. The only formula to determine who gets what in a trust is the trust deed. It is unlikely to cater for a breakdown in the relationship.

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:

Bean Counters Ltd
P O Box 13-605
Wellington
Ph. 04 477 4411

Best Regards
Shane Durrant



Other reasons to consider setting up a trust

Two businessmen have different outlooks on life. The first spends any excess he has and surrounds himself with all the trappings of success, the flash car, boat, etc mostly bought with borrowed money. The second saves and invests the excess for his retirement.

Means testing occurs for the payment of rest home subsidies. Why should the businessman who spent all his money receive more from the government than the one who saved? By using a family trust, you personally have few assets, and are thus entitled to government support.

The cost of superannuation in the future will be huge - the government is likely to be forced to change superannuation payments. Means testing and other changes are likely. A trust may assist you to continue to receive government contributions that you are currently entitled to.

There may also be some tax advantages when running a trust, although this should not be the reason for setting up the trust (as it could be regarded as tax evasion). The tax rate for trusts is less than the highest personal tax bracket of 39%

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