

## BUSINESS FINANCIAL INFORMATION

### CHECK LIST 2014 (Trusts, partnerships and sole traders)

This "Check List" is to assist you when supplying information for us to prepare Financial Statements for you or your trust. In some cases we will prepare a tax return. The basis which we undertake this work on your behalf is as follows:

1. Financial statements will be compiled from information provided by you, for which you are responsible, and which should be accurate and complete.
2. Your financial statements will be prepared on the basis of a **Special Purpose Report** for your own benefit and that for the Inland Revenue Department and will include the following statement –

#### SCOPE

*On the basis of information provided by you, we have compiled, in accordance with NZ Institute of Chartered Accountants Service Engagement Standard No.2: Compilation of Financial Information, the financial statements and supporting schedules of your entity. These are Special Purpose Reports as described in Note 1, which have been prepared for the purpose of the income tax return and you (trustees) only.*

#### RESPONSIBILITIES

*You are solely responsible for the information contained within the financial statements and supporting schedules and have determined that the use of Special Purpose Reports are appropriate to meet your needs and for income tax purposes.*

#### NO AUDIT OR REVIEW UNDERTAKEN

*Our procedures use accounting expertise to undertake the compilation of the financial statements and supporting schedules from information you provided. Our procedures do not include verification or validation procedures. No audit or review engagement has been performed and accordingly no assurance is expressed.*

3. We will prepare, where necessary, a tax return for the entity and check tax assessments received in our office. We will advise you of tax commitments, but the responsibility for paying the correct tax rests with you including any penalties and interest.
4. We will endeavour to reconcile your GST returns and wage records to your financial statements, and advise you of any apparent discrepancy.

When you call in, we will need to spend time checking the data, so we ask that you make an appointment prior to bringing your information to us. The following "Check List" details information required to prepare your financial statements although some items may not apply. Please also note that if your business is the subject of an income tax audit, this check list will be reviewed by the Inland Revenue Department.

Signing this form gives us authority to act as your agent when dealing with the Inland Revenue Department on all tax matters by various mediums including correspondence, telephone, fax, and internet, as well as authority to contact your bank, solicitor, and any other party to obtain information necessary to prepare your tax return.

Name .....

Work phone .....

Signed.....

Home phone .....

Date .....

Fax .....

Email .....

Mobile .....

**1 GENERAL INFORMATION**

- (a) Were all business takings and income banked into your trading bank account? **YES/NO**

If NO, please advise the total amount of takings or income not banked into your business bank account and what happened to these funds. This includes transactions through Credit Cards, Bartercard and the like.
- (b) Were all business expenses paid from your trading bank account? **YES/NO**

If NO, please advise details of all such business expenses and how they were paid. This includes transactions through Credit Cards, Bartercard and the like.
- (c) The value of goods taken for private use at their cost price (including GST)

Type of goods: ..... \$ .....
- (d) Are there any contingent liabilities that you know of, ie bank guarantees, car dealers HP guarantees? If YES, please give details. **YES/NO**
- (e) Do you have any contractual commitments for Fixed Asset purchases or capital expenditure projects at March 2014? **YES/NO**

If YES, please provide details of these commitments and the value involved.
- (f) Has the nature of your business changed significantly in any way during the past 12 months? **YES/NO**

If YES, please give details of this change.
- (g) Have you given any security to financial institutions when borrowing money? **YES/NO**

If YES, please provide further details.
- (h) Has the business paid home telephone, internet (broadband) rental and tolls for the year? **YES/NO**
- (i) Do you use your home telephone and internet for business? **YES/NO**

**2 INTEREST & DIVIDENDS RECEIVED**

Did your business earn or receive interest or dividends from banks or other entities for the year ended 31 March 2014? **YES/NO**

IF YES, PLEASE ATTACH DIVIDEND AND INTEREST ADVICE NOTICES.

| NAME OF PAYER | INT OR DIV | COUNTRY OF ORIGIN | GROSS | DIVIDEND IMPUTATION CREDIT | WITHHOLDING TAX/PAYE DEDUCTIONS |
|---------------|------------|-------------------|-------|----------------------------|---------------------------------|
|               |            |                   |       |                            |                                 |
|               |            |                   |       |                            |                                 |
|               |            |                   |       |                            |                                 |
|               |            |                   |       |                            |                                 |

If you have any investments entered into prior to 31 March 2014 but are maturing after 31 March 2014, please provide details.

### 3 INVESTMENTS IN FOREIGN COMPANIES & UNIT TRUSTS YES/NO

The tax rules in relation to investments held in Foreign Companies & Unit Trusts are complex. So that we can correctly calculate your tax liability, you please provide the following on a separate page:

- A list of Investments in Foreign Companies and Unit Trusts at 31 March 2008 giving the cost price in NZ dollars.

The market value in the Foreign Currency of each investment at 31 March 2014.

- Details of investment purchases including the number of shares/units and the foreign currency cost (this includes additions under Dividend Reinvestment Plans).
  - Details of investment sales giving number of shares/units sold in foreign currency proceeds after brokerage.
  - Details of dividends received in the year including any foreign tax credits.
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### 4 ACCOUNTING RECORDS

The following records will be required – EITHER

(A) BANKLINK PROCESSING –

- (i) Bank statements covering 31 March 2014
- (ii) List of unpresented cheques

(B) CASH BOOK (EASYBOOKS or CASH MANAGER) -

- (i) Back up disk for the full year.
- (ii) Trial Balance for the full year.
- (iii) Bank Statement covering 31 March 2014.
- (iv) **Do not roll over into the next year until you have sent your disk to us and we confirm it is readable.**

(C) COMPUTERISED RECORDS (MYOB, XERO & OTHERS) -

- (i) Back up disk for the full year.
- (ii) Copy of the General Ledger Trial Balance 31 March 2014.
- (ii) Detailed transaction listing of all items making up the General Ledger accounts for the year ended 31 March 2014. This can be in printed format or disk.
- (iii) Bank Statement covering 31 March 2014.
- (iv) Bank Reconciliation as at 31 March 2014. **Ensure it is at 31 March 2014 and not the date of the bank statement.**

(D) CASH BOOK (MANUAL) -

- (i) A cash book, written up, analysed and reconciled to the bank statements monthly from 1 April 2013 to 31 March 2014.
- (ii) Bank statement covering 31 March 2014.
- (iii) Cheque and deposit butts covering April 2014.

(E) BANK STATEMENTS, CHEQUE BUTTS, DEPOSIT BOOKS -

- (i) Bank statements for all business accounts from 1 April 2013 to 31 March 2014.
  - (ii) Cheque Butts from 1 April 2013 to 31 March 2014 PLUS April and May 2014.  
Please ensure that:
    - Full details are recorded on the Cheque Butts, ie payee, amount of cheque, nature of payment and GST content
    - Purchases of plant, equipment, vehicles and other fixed assets costing over \$500 are clearly identified on the cheque butt.
    - Personal payments are labelled accordingly
  - (iii) Bank Deposit Books from 1 April 2013 to 31 March 2014, PLUS April & May 2014.  
Please ensure that:
    - Bankings other than Sales or Takings are clearly marked and full details given.
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**5 ACCOUNTS RECEIVABLE (DEBTORS)**  
**(FIRMS WHO OWE YOU MONEY AT 31 MARCH 2014)**

- (a) Continue on a separate page if necessary.
- (b) If a computerised Debtors Trial Balance is available, supply a copy as at 31 March 2014 instead of this list.
- (c) Any BAD DEBTS must be written off in your Debtors ledger prior to 31 March 2014 to obtain a tax benefit.
- (d) Mark accounts which have no GST content (ie export sales), where applicable.
- (e) If any of the debtors listed below include retentions, advise on what date they are collectible.

| DEBTOR | TOTAL OWING (INCL<br>GST) | GST | COMMENTS |
|--------|---------------------------|-----|----------|
|        |                           |     |          |
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(Continue onto a separate page if necessary)

**6 ACCOUNTS PAYABLE (CREDITORS)**  
**(FIRMS TO WHOM YOU OWE MONEY AT 31 MARCH 2014)**

- (a) All accounts owing by you at 31 March 2014 should be scheduled on this form.
- (b) Do not forget to include March PAYE deductions paid in April 2014.
- (c) ENSURE that everything purchased by you before 31 March 2014 and not paid for until after 31 March 2014 is included.

| CREDITOR | TOTAL OWING<br>(INCL GST) | GST | CLASSIFICATION (e.g.<br>Purchases, Stationery etc.) |
|----------|---------------------------|-----|---|
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(Continue onto a separate page if necessary)

7 **STOCK ON HAND 31 March 2014** Value \$ .....  
(Please read Trading Stock Valuation notes attached to back of check list)

- (a) Stock quantities should be taken at balance date.
- (b) Full Stock Sheets must be retained by you for 7 years.
- (c) Stock should be valued at the lower of cost or market selling value. GST should be excluded if you are registered for GST. (Please refer to the attached definitions of cost and market selling value).
- (d) If you have valued stock on a basis other than detailed in (c) above please advise the basis used.  
.....

(e) Do you have any stock items subject to retention of title clauses?  
These must still be included in your stock value. YES/NO

**If you are holding stock on consignment or "sale or return" do not include such items when valuing stock.**

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8 **WORK IN PROGRESS (VALUE OF UNCOMPLETED JOBS)**

- (a) Ignore jobs already charged out as at 31 March 2014,
- (b) Value of work done to 31 March 2014 should be calculated as:
  - Cost of materials supplied excluding GST \$ .....
  - Cost of labour supplied \$ .....
  - Portion of overheads allocated excluding GST (where applicable) \$ .....
  - TOTAL VALUE OF WORK IN PROGRESS \$ .....

(Please refer to the attached definitions of Trading Stock).

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9 **CASH ON HAND AT 31 MARCH 2014**

- (a) Unbanked takings (cash and cheques) (ie March 2014 sales banked in April 2014) \$ .....
- (b) Till Floats \$ .....

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10 **FRINGE BENEFITS**

Please forward copies of FBT returns made to Inland Revenue Department during the year and any worksheets.

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11 **MOTOR VEHICLE EXPENSES**

To enable the calculation of motor vehicle expenses to be claimed for business purposes, please advise which vehicle is used by each person.

Has Fringe Benefit Tax been paid in respect of the vehicles? YES/NO

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**12 HOME OFFICE/WORKSHOP EXPENSES**

IS PART OF YOUR HOME SET ASIDE PRINCIPALLY FOR USE AS AN OFFICE/WORKSHOP?

YES/NO

IF YES,

(a) Please advise total annual outgoings in respect of property:

|  |          |
|--|----------|
| Insurance (Contents & Building)  | \$ ..... |
| Mortgage Interest (do not include principal repayments)  | \$ ..... |
| Electricity and Gas  | \$ ..... |
| Rates (including land, water, & Regional Council)  | \$ ..... |
| Repairs & Maintenance (include only those costs relating specifically to your office/workshop) | \$ ..... |
| Telephone Rental (if not paid or claimed through business bank account)                        | \$ ..... |
| Rent Paid (If property not owned)  | \$ ..... |

(b) Please provide the following details:

|  |       |
|--|-------|
| (i) Area of office/workshop used for business            | ..... |
| (ii) Total area of home including office/workshop/garage | ..... |

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**13 ASSETS PURCHASED OR LEASED DURING YEAR**

- (a) Please make a list of all cars, trucks, plant, fittings, land, buildings and computer software purchased for the year 1 April 2013 and 31 March 2014 costing more than \$500 (plus GST).
- (b) Full details of cost, trade-in allowances, date purchased and vendor are needed, and whether the asset was new or used.
- (c) We also need copies of:
  - (i) Hire Purchase (and Lease) Agreements, and solicitor's statements where applicable.
  - (ii) Government Valuation of any business or rental property purchased during the year.

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**14 ASSETS SOLD, TRADED IN OR OTHERWISE DISPOSED OF DURING THE YEAR**

- (a) Clearly identify on bank statements, cash book or computer records any proceeds of assets sold otherwise we could include them as "Sales" in error.
- (b) List description of asset, date sold, sale price and purchaser - also date and cost of original purchase if possible.

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**15 SOLICITORS STATEMENTS**

Please submit all solicitors' statements relating to any legal transactions for the business during the year.

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**16 GST CHECK LIST**

- (a) Please supply **all worksheets** and copies of GST returns lodged during the year.
  - (b) Have you accounted for GST on the purchase and disposal of Fixed Assets during the year? **YES/NO**
  - (c) Have you made any adjustments for private use of business assets (Motor Vehicles) and goods taken for your own use during the year, and on fringe benefits supplied to employees? **YES/NO**
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17 ENTERTAINMENT EXPENSES

The general rule is that only 50% of **business** entertainment expenses are deductible for income tax purposes.

For the purpose of preparing your Financial Statements for the period ended 31 March 2014, please tick the appropriate panel:

We have made no business Entertainment Expenditure payments during the year.

All business Entertainment Expenditure for the year is clearly marked and detailed as such on our cheque butts, cash book or computer records.

18 WAGES RECORDS / PAYE RECONCILIATION & ACC

i) Provide a summary of the Gross Wages by employee for the year, or provide copies of your Employer monthly schedule forms IR348 if you have them.

ii) Provide copies of your ACC invoices paid and statements during the year.

19 INCOME FROM RENTS

YES/NO

(a) Is this the first year receiving rental income from this property: **YES/NO**  
If NO go to (e)

(b) Provide a copy of the Sale & Purchase Agreement and all solicitors statements regarding the purchase.

(c) (i) Provide details of any mortgage borrowed, repayments and interest paid to 31 March 2014.  
(ii) Also include details of any refinancing.  
(iii) Provide a copy of the bank statement showing the mortgage owing 31 March 2014.

(d) If the property is managed by an agent provide copies of monthly statements showing rent collected, commission and other expenses deducted.

(e) If the property was sold during the year provide a copy of the Sale & Purchase Agreement and all solicitors statements regarding the sale.

(f) If you have already summarized rents received and expenses paid, please provide details as follows:

|  |                          |                          |
|--|--------------------------|--------------------------|
| Gross Rents Received                                 | COMMERCIAL / RESIDENTIAL | \$.....                  |
| Address of Property .....                            |                          |                          |
| Period of Rental .....                               |                          |                          |
| Payments - Insurance                                 |                          | \$.....                  |
| - Interest   |                          | \$.....                  |
| - Rates (including land, waters, & Regional Council) |                          | \$.....                  |
| - Repairs & Maintenance                              |                          | \$..... (Advise details) |
| - Other (Detail.....)                                |                          | \$.....                  |

(g) If you have not summarized details of rentals received and expenses paid, please provide records such as:

- Bank Statements, Cheque Butts and Deposit Slips
- Cash Books
- Computerised records
- Other

(h) **Accounts Receivable** (money owed to you at year end). Please provide details.

(i) **Accounts Payable** (money owed by you at year end). Please provide details.



- a) Have you obtained a private binding ruling from the IRD? **YES/NO**
- b) During the year have you controlled or held more than an ownership interest of 10% in Foreign Company? **YES/NO**
- c) During the year did you own any shares or units in unit trusts in companies managed outside of New Zealand ? **YES/NO**
- If YES, please provide further details including each investment, country of origin, dividend and distribution advices for the year, and if they were sold during the year their original cost and sale price.
- d) During the year did you pay life insurance premiums to an overseas life insurance company or own a life policy issued by an overseas insurer? **YES/NO**
- e) Have you been party to an agreement for the sale and purchase of property under which settlement will take place more than 93 days after entering into the agreement or to a specified option? **YES/NO**

**MENU OF OTHER SERVICES AVAILABLE:**

Please tick the box as a reminder to discuss any of the following with us:

- |  |  |
|--|--|
| <input type="checkbox"/> Financial Budgeting   | Business Plan -  |
| <input type="checkbox"/> Cash Flow Planning  | <input type="checkbox"/> • Simple plans  |
| <input type="checkbox"/> Regular business review   | <input type="checkbox"/> • Comprehensive plans   |
| <input type="checkbox"/> Grooming your business for sale   | <input type="checkbox"/> Succession Planning   |
| <input type="checkbox"/> Tax minimisation – can any more be done?                                | <input type="checkbox"/> Investment strategies for retirement  |
| <input type="checkbox"/> <b>PeaceOfMind</b> accounting fee – Fixed Price Contracts for the year. | <input type="checkbox"/> Monthly accounting and GST the easy way – Explain the BankLink processing system. |
| <input type="checkbox"/> Setting up a family trust and how it works                              | <input type="checkbox"/> Employment agreements – Review or Implement                                       |
|  | <input type="checkbox"/> Property purchase evaluation and tax structure                                    |
|  | <input type="checkbox"/> Know someone else who needs our services  |

## TRADING STOCK VALUATION

Stock on hand at balance date must be valued at either **cost** or **market selling value** (if this is lower). If you have obsolete stock you may wish to consider disposing of it or getting it valued by an independent valuer.

If however your annual turnover is \$3M or less you can use market selling value even if it is more than cost price.

### WHAT IS TRADING STOCK

Anything that is:

- Manufactured, produced or acquired, and
- Held for sale or exchange in the ordinary course of business;

Work in progress or partially completed work which, if completed, would be trading stock;

Materials held for use in the manufacture or production of items that are trading stock, excluding:

- Consumable aids (unless valued at more than \$58,000)
- Spare parts not held for sale

### COST VALUATION OPTIONS

#### COST

Costs incurred in the ordinary course of business to bring trading stock to its present location and condition, including purchase costs, and costs of production including overheads for manufacturers.

#### REPLACEMENT PRICE

Market value for the purchase of that item on the last day of the income year (usually 31 March). If a replacement price cannot be ascertained on this day, then this method cannot be used.

#### DISCOUNTED SELLING PRICE

Retail selling price of the goods less the normal gross profit margin category by category. The gross profit margin is the margin applying in this accounting year. You cannot use last year's gross profit margin.

#### MARKET SELLING VALUE

The gross amount that a business normally expects to receive for sale of stock, after deducting estimated costs of completion and expected costs of selling, ie:

- Transportation
- Insurance
- Sales Commission
- Discounts to Purchasers

### RETAILERS

Retailers may use a simplified version of the discounted selling price method, by discounting the value of all stocks by a single gross profit margin.

### ANY BUSINESS UNDER \$1.3 MILLION TURNOVER

If you estimate your stock is less than \$10,000, you may use the same stock value as last year providing it is less than \$10,000.

**All businesses with trading stock must maintain adequate records for 7 years which detail the individual stock items, their quantities and value.**

## YEAR END TAX PLANNING

In order to minimise the amount of tax payable for the year, we suggest it is worth considering whether any of the following points can be acted on to legitimately reduce or defer the impact of tax.

### **FIXED ASSETS**

If you are considering the sale of an existing asset, check your last set of Financial Statements to see the book value. Where you anticipate a loss on the sale of the asset, it could be sold prior to balance date to maximise the tax deduction.

Alternatively, where the sale will result in a recovery of depreciation above the book value, can it be deferred until after balance date to take place in the next financial year? This should be considered and balanced with any depreciation you are able to claim on the purchase of a replacement asset.

### **CONSUMABLES**

You are entitled to a tax deduction for any expenses incurred that are normal costs of the running of your business. If you are contemplating some repairs to any business asset or vehicle in, say, April or May, it will become a tax deduction if you make the purchase in March. Tyres for example could be stock piled in your garage for a month or two until you need to use them. Stationery could be purchased earlier and used later.

### **BAD DEBTS**

You cannot have a deduction for a bad debt unless the debt is written off prior to your balance date. Check your debtors ledger and if you have any irrecoverable debts such as money owed by companies in liquidation or receivership, or those you have placed in the hands of a debt collector or solicitor for recovery, they must be written out of your ledger if you wish to claim a deduction and receive the GST credit. You can still make an effort to recover these bad debts.

### **BONUS PAYMENTS**

If you are contemplating paying a bonus to staff, to be tax deductible at 31 March, it must be paid out within the following 63 days.