

DAA Bulletin

Quote

“Imperfection is beauty, madness is genius and it's better to be absolutely ridiculous than absolutely boring.”

- Marilyn Monroe



DODD AND ASSOCIATES LTD
CHARTERED ACCOUNTANTS

Reducing Your Debts

Take charge of your debts!

List what you owe this month - utility bills, phone charges, rent, car payments, loan payments, and other expenses. Once you have these are on paper they are easier to face.

If your expenses add up to more than your take home income, you'll need to look for ways to cut those expenses.

If you don't you will get further in debt.

Free Seminar – Managing your business in these challenging times

Businesses in Canterbury are going through unprecedented times. So to help businesses get through the New Zealand Institute of Chartered Accountants (NZICA) - insolvency section have organised a complimentary seminar which is open to all small to medium sized business owners in Christchurch. It is designed to give you helpful hints from experienced local experts

This session is scheduled to be held on 28 February from 5.30-7.30pm with networking after the session. There will be some really skilled and knowledgeable speakers who will be giving you a lot of guidance.

The full program is as follows:

- Insurance
- Maximising profits
- Meeting directors' duties
- Managing debtors and creditors more effectively
- Managing your relationship with banks and finance companies
- Dealing with IRD
- Business rescue options
- Navigating your way through these difficult times

We are pleased to endorse the seminar and strongly recommend that you attend. Please note that while it is run by the Institute of Chartered Accountants it is not restricted to members of the Institute. Quite the opposite. It is intended for you as well.

If you wish to register for this seminar please advise and we will put your name forward. Please note places are limited.

Guest Speaker Available

The fact that we have opinions beyond accounting and tax and can articulate them has been noted from rapidly increasing popularity of our weekly DAA Headzup video series.

So in answer to some questions we have been asked; yes Kerry is prepared to make himself available for public speaking engagements to your organisation, club or society. Any group really.

If you have need for a guest speaker just call Kerry. Forthright, straightforward and honest opinions are guaranteed!

Feltex Liquidation

Earlier this week the liquidators of Feltex issued proceedings against auditor Ernst & Young. Ian McLennan and Peri Finnigan said their claim against Feltex directors was “significantly impacted” by the incorrect 31 December 2005 Financial Statement prepared by Ernst & Young.

In 2010, then Ernst & Young audit partner Gordon Fulton was found guilty of accounting breaches in the 2005 first half financial review which failed to disclose Feltex’s debt with the lender, ANZ. Fulton was ordered to pay \$150,000 in costs towards the New Zealand Institute of Chartered Accountant’s disciplinary tribunal hearing and the professional conduct committee’s investigation. The review was mostly performed by Ernst & Young Australia partner Stuart Painter.

Ernst & Young say the latest claims are baseless and will be vigorously defended. It says the accounts in question did not involve an audit and that a Securities Commission report into the failure of Feltex concluded that the financial reporting had not impacted on the demise of the company.

Ian McLennan, director of McDonald Vague, confirmed that the liquidator was trying to “get some money” from Ernst & Young but wouldn’t say how much. He won’t discuss figures with the media until his firm has heard back from Ernst & Young which it is expecting to do by the end of this week.

Ernst & Young’s Auckland managing partner and head of assurance, Simon O’Connor responded that even if the liquidator is successful there is a limitation of liability on his firm’s contract with Feltex. He estimated that it would be in the \$200,000 to \$300,000 range and commented that he thought the legal fees to get to court would be more than that.

With no surplus funds being expected from the receivership, and well over \$13 million of unsecured creditors this appears to be a case of the liquidators grasping at straws in an attempt to get any amounts of cash that they can.

Who are you listening to?

In business you receive information from all manner of sources such as staff, supervisors, middle management, consultants, accountant, salespeople, your partners (biz and life), oh and the customers... But do you actually listen to them?

It is likely to depend on what is being said and who is saying it. Believe it or not every bit of information you get could be important.

More often than not businesses fail to listen. The key is to listen to everything as if it’s being told to you by a person who’s view you respect (or you are influenced by) and evaluate it from that view and determine its importance. You might be surprised at the information you get and the value of it if you do listen carefully as if everything matters. Chances are it will matter, it’s just a question of when.

Overseas Tax Collection

Did you know the world’s most exotic tax inspectors are in Pakistan?

If you refuse to pay your tax you are shamed into paying it by receiving a visit from a team of tax inspectors who are all transgender. They would then sing and dance in your place of business until you paid up.

In Andhra Pradesh, India, tax inspectors use drummers to get people to pay tax, by standing outside the place of business and banging on the drums loudly until they pay up

We would love to hear of any other strange debt collection practices you may have heard of or perhaps any suggestions we could pass on to IRD!

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