



# SUMMER

Alliott NZ Newsletter Dec-2019

**Alliott NZ Chartered Accountants  
and Business Advisors**

## Alliott NZ Summer 2019 Newsletter

We kick off this edition with the great news that Alliotts were named a New Zealand Top 30 accounting firm for the third year running, after the results of the national survey were published last month

We could not maintain this prestigious status without the support of our clients and the effort of our committed team so thank you to our Alliotts community here in Auckland and throughout NZ.

Also in our final newsletter for 2019:

- NZ calling time on cheques from 1 March
- Businesses are new technology champions
- Alliot Group Worldwide Conference 2019
- Yield curves and investing
- Tips for driving in France

If you have any questions or queries, please call 09 520 9200 or email us at [enquiries@allriott.co.nz](mailto:enquiries@allriott.co.nz) to ask for advice that is relevant to you.

Wishing all our clients a Merry Christmas and a Happy New Year for 2020. Please note that Alliotts' office will be closed from midday 23 December 2019 and reopens 13 January 2020.

We thank you for supporting us during 2019 and we hope that 2020 brings you inspiration, bravery and opportunities for growth and success!

## NZ's top accountants announced for 2019

**30 accounting firms were announced as New Zealand's top performers and publicised by a collaboration between Chartered Accountants Australia and New Zealand and Sunday Star-Times / Stuff.**

The Top 30 list includes regional to suburban and right up to Big 4 accounting firms throughout New Zealand. The survey also recognises firms at the forefront of the industry in a variety of areas including pro bono work, gender diversity and innovation.

Businesses are increasingly turning to accountants to help identify opportunities and avoid pitfalls, recognising the value of a deep understanding of financial numbers and commerce in general. Inevitably, Chartered Accountants are using their market knowledge to assist client growth and, in some instances, an ability to also marry business know-how with broader community knowledge and insights.

Auckland-based Alliott NZ Chartered Accountants Director Greg Millar said, "Increasing our investment and utilisation of technology enables us to concentrate on training ourselves in other business skills that our clients need."

"Technology has been disruptive but it makes us smarter as accountants to try and find the value proposition for our clients."



“When we first started in accounting it was all about processing, but that changed with Xero and it became about interpreting. Now the software is interpreting and we find ourselves asking ‘what’s next’.”

### Breaking down barriers

“We can’t rest on our laurels,” added Alliotts Director Vanessa Williams. “We always need to be looking forward to see what’s coming up.”

“Where it’s really positive for our industry and our clients is that we can work on solutions that are affordable.”

“Compared to the days of servers and computers, our clients can now gain access to meaningful information for a fraction of the cost and we can help them more easily as many solutions are available off the shelf.”

“As a result, each business on its own can be as powerful as it wants to be. Hopefully we’re helping our clients break down the barriers.”

Alliott NZ Ltd is located in Newmarket, Auckland, with a team of dedicated, experienced Chartered Accountants and business advisers passionate about helping NZ businesses grow and succeed. They were ranked as a New Zealand Top 30 accounting firm in 2017 and 2018. CAANZ sponsored the rankings to promote the achievements of NZ firms and align with issues demonstrating performance in the accounting industry. Read the full announcement [here](#).

## NZ calling time on cheques

Last month, you may have seen the **announcement** that Inland Revenue will be moving away from cheques as they become increasingly digital in the way they work.

From 1 March 2020, the IRD will no longer be accepting cheques, including post-dated cheques (dated after 1 March 2020) from customers who are able to use alternative payment options.

With cheque usage declining every year, this also reflects their customers' preferences. Last year cheques only accounted for 5% of payments; most of their customers are now choosing to pay their taxes electronically.

For those customers who do still use cheques, they are encouraging them to get a head start on finding other convenient and secure payment options that work for them. The IRD appreciates that, for some people, this will be a significant change that will take some adjustment, although there are now lots of faster, cheaper and safer ways to pay electronically or in person.

### Ways to pay

We recommend you contact your bank about online banking options such as:

- direct credit payments
- automatic payments.

Many banks offer a dedicated tax payment option. You can pay online through Inland Revenue:

- Use your credit or debit card to make online payments through their [website](#).
- You can pay by direct debit and make debit card and credit card payments securely through myIR online services. Visit IRD's [website](#) and login or register for myIR.
- If you're overseas you can pay using a fees-free money transfer service. Search for "make a payment" on IRD's [website](#) for more information.

In person:

- You can drop into a Westpac bank and pay your taxes over the counter by cash or EFTPOS. You can only do this at Westpac branches.
- You can also use one of Westpac's Smart ATMs.

If you can access the internet, go to the [Westpac website](#) to find a Westpac branch or Smart ATM.

### Find out more

To help you find a payment option that works for you:

Talk to your bank about their online banking facilities.

You can also find out more about your payment options on the Inland Revenue website.

If you have a tax agent like Alliott NZ Chartered Accountants, you may also like to talk with us about your payment options.

If you need help getting started with online banking:

Check out any free digital courses offered by your bank or local community groups.

### **Businesses are new tech champions**

Read about Alliotts' positive experiences in this Stuff article as part of the national news series taking an in-depth look at the changing field of accountancy. [Read more](#)

## **Alliott Group 2019 Worldwide Conference**

### **Alliott NZ joins international colleagues from 38 countries at Alliott Group's worldwide conference in Madrid.**

Alliotts' Greg Millar and Vanessa Williams were among the 138 delegates from 78 independent accounting and law firms in 38 countries who were in attendance in Madrid for the 2019 Worldwide Conference of Alliott Group, the firm's international alliance.

During 2019, the alliance has enjoyed record membership growth, with 21 new firms joining in 16 countries. This surge in membership was reflected in the high turnout for the conference (23-26 October) which also marked the alliance's 40th anniversary.

The alliance's growth strategy was outlined by new COO Giles Brake who is targeting the expansion of the group's membership to 100 countries within three years to ensure [Alliott Group](#) member firms can offer a truly global solution to clients involved in or considering international business activity.

Participation in the alliance's conference programme ensures that our professionals can form trusted personal relationships with senior advisors at like-minded professional firms across the world who will handle our clients' business with maximum care and efficiency and who have expert knowledge of their local jurisdiction's tax, government and legal systems.

Involvement in the conference also immersed professionals from global practice groups focused on sharing knowledge and developing joint capability and new opportunities in areas including M&A, International Tax, Real Estate, Audit, International Private Wealth, Global Mobility, Business Law and VAT/Indirect Tax.

Alliott Group APAC Chair Vanessa Williams said: "Membership of Alliott Group is an investment we make on behalf of our clients and professional staff. The world is now global and the rate of technological and regulatory change is unprecedented so it is vital that we are connected to accountants, lawyers, tax advisers, auditors and other business professionals who will provide new insights." "Our ongoing participation in Alliott Group's activities gives us additional inspiration and high calibre professional contacts that will ensure our firm and our clients are future-ready."

Conference highlights included Declan Curry, the former business presenter on BBC One's Breakfast TV, leading a panel discussion that explored business, economic and political issues such as Brexit, the impact of the China/US trade war on supply chains, slowed growth in Europe and China, and recessionary fears in the US and Hong Kong. The conclusions of the panel were that we live in a time of uncertainty, growing protectionism and regulations sometimes getting in the way of business.

Local experts Luis Alvarez from Spain's Ministry for the Economy & Business and Maria Jesus Fernandez, Executive Director at ICEX-Invest in Spain, explained that Spain is very much open for business. The country has a competitive corporate tax rate of 25%, GDP growth of 2.1% (projected), a thriving international M&A market with deals valued at over €107,400 million in 2018, and Foreign Direct Investment flows at record highs of €55,300 million (2018). The energy sector, particularly renewables, was highlighted as a particularly attractive opportunity for foreign investors.



# Alliott NZ Summer 2019 Newsletter

HR and marketing focused presentations also ensured our representatives are more informed about how the firm can ensure it is positioned as a compelling employer to the accountants and lawyers of tomorrow. Practical ideas were shared on how to build a high-performing leadership culture at the firm and why professional firms must invest in their brand to safeguard their future success.

Alliott Group NZ Ltd are Chartered Accountants and business advisers in Auckland. The firm is recognised as one of New Zealand's Top 30 accounting firms at the forefront of the accounting industry in a variety of areas including pro bono work, gender diversity and innovation.

## About Alliott Group

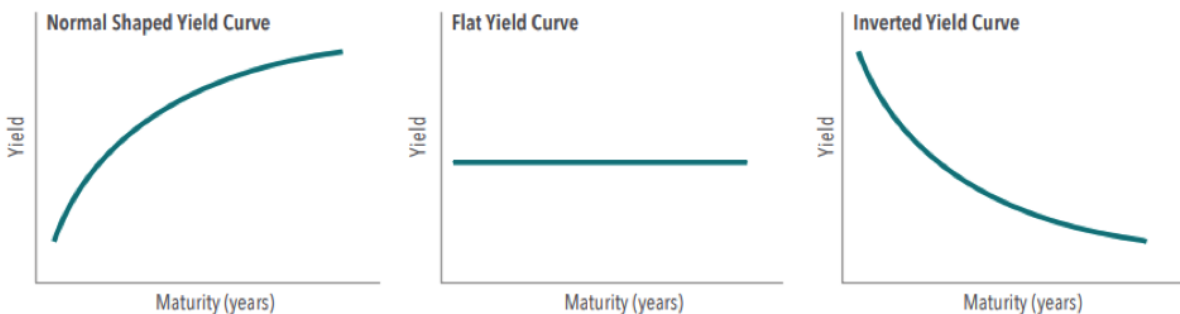
Founded in 1979, and with some 150 member firms in 65 countries, Alliott Group is an award-winning international alliance of independent accounting and law firms that need access to a larger resource base on an international basis to develop reputation, visibility and new business. Alliott Group provides services to help its member firms position themselves as the 'go-to' firms in their local markets for businesses and private individuals with multi-market business interests.

To find out more about how Alliott NZ in Auckland can provide professional advisory support to clients doing business in different markets around the world, please [contact](mailto:info@allriott.co.nz) us on 09 520 9200 or visit our website [allriott.co.nz](http://allriott.co.nz).

# Yield Curves

**The financial media is currently full of gloomy-sounding references to ‘inverted yield curves’ as a harbinger of a global recession. In lay terms, what does all this mean and how should a long-term investor respond?**

Exhibit 1: Yield Curves



Let's look at it another way. Imagine two friends ask you to fund their business ventures, searching in far-off lands for rare minerals. The details of both are the same, except one friend will be gone for a year and the other for 10 years. Most likely, you'll demand a higher interest rate or return from the person who will be gone for a decade because your money is locked up for longer and you could miss out on other opportunities in the meantime.

It works a bit like that in the bond market. Most of the time, investors demand a higher yield, or expected return, for lending their money out for longer periods than they do for shorter ones. If you've ever had a term deposit, you'll know that offers on five-year terms tend to be more generous than those on one-year terms.

The customary higher expected return for longer-term bonds over short-term ones is known as a term premium. This premium is the compensation investors demand for uncertainty about the future economic environment. For instance, inflation could be higher than expected and eat into their returns. Interest rates may rise and make their bonds less attractive, depressing their prices.

### **Now, the thing about yield curves is they are always changing.**

That's because news and information is always changing. An update on company fundamentals, data about the overall economy, geopolitical developments, a general change in investors' appetite for risk, and a host of other factors can all affect the curve.

Not only are yield curves inverting, but rates on government bonds in many countries are now below zero. In other words, investors are paying governments to look after their money. According to analysis by Deutsche Bank, about \$US15 trillion of government bonds worldwide, or 25% of the market, now trade at negative yields.

This development has sparked a deluge of media commentary about yield curve inversion as a signal of a coming recession and major stock market downturn. Naturally, this is worrying but is it true.

Here are a few points to consider:

1. First, drawing firm conclusions about what an inverted yield curve might say about the economy or the stock market outlook is made difficult by the fact that it has previously occurred only rarely. In the US market, for instance, there have been only four inversions in more than 40 years.

They found that in 10 of those cases, local investors would have had positive returns investing in their home stock markets for the three years following the curve inverting. That is not much less than the normal behaviour of stock markets in any other three year period. Ultimately, 14 observations across the globe in the space of three decades are too few to give you enough information to base an investment decision on.

1. Markets are moved by multiple factors at any one time and it's extremely difficult to draw simple cause-and-effect conclusions about why the curve is shaped in a particular way at a particular time. Alongside demand and general risk inversion, curves can be influenced by variability in the supply of bonds, demographic trends (people getting older and living longer), and many other reasons.
2. Recessions often only become apparent in retrospect. Economists themselves, including many central bankers, have a poor record of correctly predicting downturns.

Of course, this doesn't mean the yield curve inversion won't correctly predict recession this time. It just means that markets are highly complex beasts and it can be foolhardy to try to time your exit and entry points based on information that is already reflected in today's prices.

1. Just because bond yields are at historic lows (prices at historic highs) does not mean they won't go any lower (and prices higher). In the year or two after the GFC, for instance, some investors assumed that so-called "quantitative easing" by central banks would lead to higher interest rates and spikes in inflation, resulting in poor returns on bonds. Based on that thesis, these investors decided to get out. As a result, they missed out on several years of very solid returns.
2. Even with bond yields at historically low levels, they still pay a regular income. And because bonds tend to behave differently to equities over time, they still play a diversifying role in your portfolio.

## Alliott NZ Summer 2019 Newsletter

In summary, when confronted by headlines about inverted yield curves, it's useful to reflect on how markets work. New information is built into prices instantaneously and there is little to be gained by trying to second guess those prices.

It's always better to try to focus on the things within your control – in other words, developing and sticking to a long-term plan that matches your goals and your risk tolerances. Doing that gives you a better chance of looking past the daily noise in the markets and focusing on investing in a systematic way.

**Michael Beech CFA is an experienced investment specialist and is responsible for providing investment advice as well as managing the investment portfolios for many of Alliott NZ's clients. Read more [here](#) or call Alliotts in Auckland today on 09 520 9200.**

*[1] 'Negative-Yielding Debt in the World Balloons to \$15 Trillion', CNBC, 7 Aug 2019*

*[2] 'The Flat-Out Truth', Dimensional Fund Advisors, Nov 2018*



## Tips for driving in France

From St Rémy to Avignon, now we're back in New Zealand, a lot of people have asked Vanessa about driving in France, so here goes:

1. **Get the smallest car you can:** otherwise prepare to walk a lot as in many small towns you won't be able to fit down the laneways! Or get a park!
2. **GPS is a must:** a few wrong turns but trust it even when it directs you under a 1.3 metre high underpass and you think there is no way it's a road, in France it actually is!
3. **Ensure you have a payWave credit card:** tolls are everywhere, you take a ticket getting onto the motorway (autoroute in French) and pay when you get off so just swipe using payWave is so much easier!
4. **You have to pay for parking at most tourist destinations:** again, payWave credit cards are the easiest, also for filling up with petrol.
5. **Drive with confidence:** there are plenty of places to stop if you get confused, while French drivers may beep at you if you get it wrong they generally let you in.
6. **Most difficult place to navigate:** inside walled city of Avignon. Easiest - French Riviera.
7. **Driving gives you great freedom** to spend as much or as less time at each destination.
8. **Sometimes in towns there are bollards:** you think you can't drive down a street however, when you drive near them, they retract into the ground allowing you through.

*#drivinglaFrance #provence #frenchriviera*



# Alliott NZ closed for Christmas and New Year

Wishing all our clients a Merry Christmas and a Happy New Year for 2020.  
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midday 23 December 2019 and reopens 13 January 2020.

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inspiration, bravery and opportunities for growth and success!