

Spring 2015



They're enjoying Spring in the countryside near Lumsden

Spring seems to have been a long time coming this year and it's been a challenging time for many. In this edition you'll find a mix of articles covering topical tax, business and staff issues to keep you informed.

And remember, we're only a phone call away !!

"As sure as the Spring will follow the Winter, prosperity and economic growth will follow recession"

Bo Bennett

THE OFFICIAL NEWSLETTER OF

DM DIPROSE MILLER
chartered accountants

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EDITORIAL



Welcome to Spring everyone. To those of you that think you missed it, it started in September and already we have daylight saving!

Our farming clients tell us conditions to date have been challenging and that's without reference to the payout. Talking about payout, as you are no doubt aware Fonterra pulled a rabbit out of the hat a couple of weeks ago to the tune of 70 cents/kg of milksolids. Where did that come from? I certainly didn't see it coming.

Although this is helpful, we are still nowhere near breakeven point for many farming clients. I've been impressed with the 2014/15 results showing in the financial statements we have prepared to date. Costs have been trimmed and no doubt will be trimmed further in 2015/16. Business clients are also telling us that they are struggling to maintain sales levels and our staff are working hard to produce accounts quickly and accurately so we can catch up with each client's current position.



On a lighter note, the Rugby World Cup is providing great entertainment. Some of the games (such as England vs Wales and Wales vs Australia) have been top draw and on at reasonable times for us townies. I am still confident the All Blacks will go well, mainly due to our depth. Countries like Wales and Ireland don't seem to have replacements of the calibre of ours, while the poor old Poms obviously had no depth at all - a bit sad for the mother country!

With the league finished and the rugby coming to a close we could be a bit short on entertainment in the next few months. Maybe I'll go back to following a few horses!

Talk Soon (as John Wilson would say)

KB

"I always turn to the sports pages first, which record people's accomplishments. The front page has nothing but man's failures."

Earl Warren

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Exciting News !!

Morrinsville Staff Now Under One Roof

We're very pleased to announce that our Morrinsville operation is now based in our expanded premises in the centre of town. We've got more staff working space, an extended staff tearoom, an additional meeting room and much more storage space for client records. Clients are welcome to stop in at any time to check out the new facilities.



It's hard to show in these photos the extent to which the premises have grown, but we're very proud of our new "complex" and the facilities available to both staff and clients!

**"You think you can see the light at the end of the tunnel,
but it's only some bugger with a torch bringing you
more work"**

David Brent

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A Few Things to Watch For...

ACC Policy Cancellations

ACC have changed the way that they deal with overdue Coverplus Extra policy premiums. Coverplus Extra is an “agreed value” ACC cover **option** that provides a fixed level of cover for loss of earnings in the event of an accident. In contrast, ACC’s standard Coverplus policy cannot be cancelled as it represents the minimum compulsory cover that a self-employed person can hold.

Effective immediately, the following rules will apply to Coverplus Extra premiums.

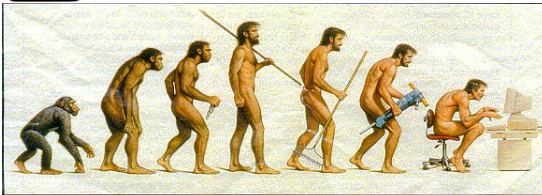
1. Payment is due 30 days from date of invoice.
2. A reminder is sent 44 days from date of invoice.
3. If the premium is unpaid **60 days** from date of invoice, the policy will be **cancelled** and the client **reverts to the standard cover**.

WARNING

Cancelled policies **cannot** be reinstated and clients will then need to apply from scratch for a new Coverplus Extra policy.

If clients are unable to pay the full amount of the premium on the due date, ACC has a number of **payment plan options** that can be used to prevent the cancellation of the policy. Make use of these if you need to!!

D’oh!



Somewhere, something went terribly wrong

“I’d rather check my Facebook than face my chequebook”

Craig Coelho

eTXT for GST Reminders

We’re now sending out GST reminders to clients using text messages via the eTXT service. This is proving popular and we are noticing many clients sending GST papers to us earlier in the month. Clients who do not wish to receive an eTXT can request that we continue with the postal reminder.



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Advice from Abacus

Health & Safety Workshop

The new Health & Safety regime is nearly upon us and it's time to **check your compliance**. Penalties for failing to comply are severe (up to \$8m and jail time) and directors can be personally liable. No insurance policy will cover these fines. Employers are generally aware of their Health & Safety responsibilities, but most have not yet developed or implemented a robust system. Why? Because it's all too hard! Unless you have time to search through the legislation, guidelines and regulations, you will have put the job of creating a system for your business into the "too hard basket" and will "touch wood" that nothing happens in the meantime.

Many employers will need to ask for help from safety professionals to create a workplace system that complies with the new regulations and keeps them up to date with any changes. There are five high priority areas you can work on now to make a start on your Health & Safety system.

1. Create a **policy** for workplace safety and make this available to staff.
2. Identify and record **workplace hazards** and how you are controlling these.
3. Document and report any work-related **accidents**.
4. Document and record workplace **safety training** provided to staff.
5. Write up **emergency procedures** for your workplace.

We're running a workshop on **Thu 5 Nov 2015** to bring you up to date with the new regulations that come into effect in April 2016. The workshop will be facilitated by Angie Williams of OSHbox. If you are interested in attending, please contact **Angela Millward** on extension 816 to **register your interest**.

Abacus & Xero Payroll

Employers using the Xero accounting software will be interested to know that Abacus staff are now able to provide assistance and support with Xero's new payroll product. This may be assistance with setting up the payroll and/or providing technical support if you have queries in the use of the product.

Abacus can also provide a total payroll service based on the Xero product which allows employers to login and track employee details. There is even a facility for employees to login in and view their pay details (and even request leave!). For further information on the Xero Payroll contact **Angela Millward** at our **Te Aroha** office.

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Changes to Our Team

Grant's Ready to Go!

New man in the Te Aroha office **Grant Glover** is ready to shake things up with his youthful enthusiasm. He'll need it, because he's taken over the vacant seat previously occupied by Matt Ward.

He is working for Darren's team and is busy learning to prepare GST returns and financial statements for clients.

Grant comes to us straight from Morrinville College and is keen to obtain his CA qualification. He plans to make a start in 2016 at Waikato University.

Grant plays social soccer for Morrinville, is a keen rugby follower and enjoys fishing trips with his Dad.



Leanne Takes the Reins

Growing up on a dairy farm in Tokoroa, **Leanne Baird** comes to our Te Aroha office with a strong background in corporate financial administration, including some years with the Perry Foundation managing the financial side of their gaming operations.

Leanne lives on a lifestyle block near Waihou with partner Paul and has two teenage daughters. Both Leanne and the girls have a passion for horses and spend most weekends at equestrian events. She is the Treasurer of the Hamilton Pony Club and coaches riders on club days.

Leanne has a Diploma in Business with an accounting major and is working towards a Bachelor of Business at the Open Polytechnic.

Leanne is looking forward to contributing to Darren's team and is quickly coming to grips with the accounting work involved in managing clients' affairs.



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Other Bits & Pieces

What is the Brightline Test ?

We're pleased you asked! In the 2015 budget the Government introduced this test to tax gains from residential properties **sold within two years** of purchase. The legislation, while not yet formally passed, will apply to properties for which a sale agreement is entered into on or after **1 October 2015**.

We've listed some of the main provisions below.

1. It does not apply to commercial properties, only residential.
2. The date of disposal is the date a contract is entered into, even if this is conditional.
3. It is not necessary to have an intention to sell the property at the time of purchase.
4. There is an exclusion for property used as the main family home.
5. Losses can only be offset against other Brightline profits.
6. Special rules apply to sales to related persons.



If you are considering selling a residential property that is not the family home and has been owned for less than two years, or buying a property that you may sell within two years, contact us to discuss any potential tax implications. We'll keep you posted on progress with the proposed legislation being passed into law.

“The whole of the global economy is based on supplying the cravings of two per cent of the world’s population”

Bill Bryson

Cruise-In Hits Te Aroha

Our Te Aroha reception was transformed for the recent Cruise-In event, with staff members providing classic memorabilia for display. We were unable to retain the “Best Display” trophy that we won in 2014, but the display created some interest for our visitors.



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Useful Stuff to Think About

Watch Those Fonterra Loans

October 2015 is the first month that farming clients will be receiving an instalment of the new Fonterra supplier loans. Loan instalments will be paid out together with the milk proceeds. Clients who prepare their own accounting records will need to be particularly careful that these are treated correctly for both income tax and GST purposes. Care must be taken to properly “dissect” this element of the total deposit from Fonterra.

1. The loan receipts have **no GST** content and must be treated as GST exempt.
2. The loan receipts are **not taxable** and must be allocated to a new loan account code.
3. Loan repayments are treated similarly.

Please **contact us for guidance** on the correct treatment if you are not sure.



Housing Stats a Bit Scary

The percentage of NZ households that own their own home has dropped to **65%**, its lowest level since 1951! The highest level was in 1986 (just before the crash) when it peaked at **74%**.

Population Growth Focused

Of the additional 2.4b people projected to be added to the global population between 2015 and 2050, 1.3b (54%) will be added in Africa. Asia is the next biggest contributor with 0.9b (38%). This doesn't leave much room for growth in the rest of the world!

Wi-Fi Available at Diprose Miller

We'd like all our clients to be aware that we have Wi-Fi available in both our Te Aroha and Morrinsville offices for your use at any time.

Clients are encouraged to make use of our premises as an “office away from home” when they need Internet facilities. We'll also make sure that you have access to a hot cuppa while you're here!



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Staff Happenings

Euan Does the Business

It's a big congratulations to staff member **Euan Lock** who recently completed all the requirements for **Chartered Accountant (CA)** status with CAANZ (Chartered Accountants Australia & NZ), our governing professional body. It's been a long road for him since he started his accounting studies way back in 2008. That's not due to any lack of effort on his part! He started from scratch with accounting after a career in farming and has managed to get through the qualification programme while working full-time with us.

Euan's path to CA comprised study for a Bachelor of Management Studies (Accounting) followed by a CAANZ programme of mentoring and professional competence studies.

Well done Euan, we know it's been a bit of a mission, but it's well worth it in the end!



Christmas in September ?

Daltons Function Centre in Matamata was the venue for our annual mid-Winter Christmas gathering, although the timing was stretched through to the Spring this year.



What's Christmas without the three wise men?

The photos suggest it was a good chance for everyone to let their hair down, with live music provided by our IT guru Tim Marsden and his band.

Curry Club Runs Hot



Staff member **Erica Rigter** has established a staff "Curry Club" that visits the local Indian restaurant each month for lunch. The club is growing fast and the challenge for members is to tackle the HOT dishes and survive to get back to work in the afternoon.

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More Interesting News

Pretty Sneaky Stuff !!

We're starting to see more cases of Inland Revenue sending payments demands for tax arrears to taxpayer's banks and requesting an immediate deduction if funds are available. Inland Revenue have a few ways of obtaining your bank account details, most obviously by using the account number lodged with them for the payment of refunds. Be aware also that, if any previous tax payments have been made via internet banking, Inland Revenue can identify the bank account that the money came from!



It is a little concerning that Inland Revenue is not even providing us, as the nominated tax agent, with notice of the deduction.

Direct deductions can be avoided by setting up an approved payment arrangement with Inland Revenue for the outstanding amount. Note also that Inland Revenue can only demand deductions from bank accounts in the name of the taxpayer that has the arrears, not a related party.

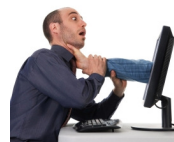
"We've heard that a million monkeys at a million keyboards could produce the complete works of Shakespeare. Now, thanks to the Internet, we know that is not true."

Robert Wilensky

Emails from Inland Revenue ?

Some clients are receiving email messages direct from Inland Revenue telling them that they have "documents to view" in their myIR account and have asked us if these are legitimate. Three features will confirm that an email is legitimately from Inland Revenue.

1. The sender is **alerts@IRonline.ird.govt.nz**.
2. There is a unique identifier at the bottom of the email below the footer that starts with AID.
3. The disclaimer is specific and does **not include links**.



Contact us to check the nature of the email if you are not sure.

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Changes to Our Team

Welcome to Deena Hobbs

Deena comes to us from a strong accounting background after working for both KPMG (most recently) and PWC, where her career started after leaving school in 2010. She's now working in our Morrinsville office as part of Nigel's team and is making good use of her experience with compliance work for both rural and commercial clients.

Deena has recently completed her Bachelor of Business Studies through Wintec and is very pleased to finally take a break from studying.

She's a very active young lady, with many outdoor interests including snowboarding, touch, gymnastics and yoga. The Morrinsville crew are all enjoying her positive attitude and upbeat approach to life!



"I believe you are your work. Don't trade the stuff of your life, time, for nothing more than money. That's a rotten bargain"

Rita Mae Brown

Introducing . . . Andrew Pullon



Andrew is part of Nigel's team and is working on special projects, including business development, analysis and benchmarking. He is working towards a degree in Law and Management Studies (majoring in Accounting) at Waikato University and hopes to finish this in the next year.

A part-time swim coach, Andrew has swum competitively and swimming has been a big part of his life. A real Waikato bachelor boy, he grew up in Hamilton and has lived in the region his whole life.

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Xero Update



We're continuing to develop our strong relationship with Xero, who are regularly releasing software updates to improve the ways in which we can use their product to assist clients in managing their business. We're also moving a number of our farming clients onto the Figured farming software, which includes cloud-based farm reporting, forecasting, milk production tracking and livestock tracking. We'll keep you updated with this exciting new initiative.

STAFF EXTENSION PHONE LIST



**TOLL-FREE
0800 888 055**

Te Aroha

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Angela Millward	816	Erica Rigter	823	Lyn Miller	0
Angela Young	819	Erin Morgan	817	Megan Farac	800
Ann-Marie Sutherland	807	Gail Brown	802	Michelle Way	858
Anthony Gray	805	Grant Glover	895	Murray Whittaker	829
Barbara Jenkins	862	Joann O'Donoghue	813	Phillip Legg	821
Chelsea Grace	814	Judith Borrie	804	Robyn de Boer	827
Debbie King	832	Julie Luxton	818	Sharon Coombe	859
Deborah Young	831	Kathy Reily	866	Wendy Gwynne	803
Diane Cooper	899	Keri Allen	815	Yvonne Avery	856
Ed Wagstaff	864	Kerry Jacobs	830		
Ellie O'Donoghue	868	Kylee Elgar	839		

Morrinsville

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April Dornan	707	Jo Walton	708	Nicky Kidd	728
Andrew Pullon	703	Joy Craig	700	Nikki Brown	709
Catherine Chaney	714	Kassie Thomas	705	Sandra Green	710
Christine De Ath	721	Kayla Jeffrey	723	Sharon Lawson	729
Deena Hobbs	731	Kristine Nicholas	724	Tonya Whitten	702
Etana Zaguri	730	Lisa Peacock	725		
Euan Lock	711	Lynda Brunton	722		