

SUMMER 2014



Seasons Greetings



We've kept this edition of The Abacus fairly light on the "technical" content. This is partly because it's the festive season, but mostly because there have been lots of interesting things happening with our business that we'd like to share with you.

READ ABOUT THEM INSIDE!

Christmas Office Hours

Our offices will close for the Christmas break at

12 noon on Tuesday 23 December 2014
and reopen at

8am on Monday 5 January 2015

"Deep Summer is where laziness finds respectability"

Sam Keen



The Official Newsletter of **Diprose Miller Limited** Chartered Accountants
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EDITORIAL



In our last edition, the “breaking news” was all about our acquisition of part of Roger Wilson’s Morrinsville accounting practice. I’m pleased to report that Nigel and Tony over in Morrinsville have worked very hard over the last couple of months talking to our new clients to ensure a smooth transition. Well done to them and to our new Morrinsville staff members, who are introduced later in this newsletter. Welcome aboard!

We are currently working out of two venues in Morrinsville but are looking to lease enough office space to combine the operation. More news about this in the New Year.

Congratulations to Euan Lock on passing his final accounting exam - he will become an even more integral member of the team. Congrats also to former staff member Steven Eccles who has completed his qualification. Steven is currently based in Invercargill.

“I’m a great believer in luck, and I find the harder I work the more I have of it”

Thomas Jefferson

It’s hard to believe Christmas is upon us although I must admit my trusty senior Gail Brown has been ticking off the weeks since the start of November. She likes to keep me focused on the number of accounts that need to be completed before the break!

The next two most important dates on the accountant/client calendar are (1) 15th January 2015 (2nd instalment of provisional tax for March balance dates) and (2) 28th February 2015 (2nd instalment for May balance dates).

With the huge swing in dairy farm incomes all provisional tax instalments for May balance date clients will require estimating. This in itself is a major exercise because when an estimate is made you awaken the IRD’s penalty and “Use of Money” interest regimes. We need our clients’ help here to ensure our estimates are as accurate as possible.

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EDITORIAL (continued)



The business sector appears to have shown improvement over the last twelve months and is nowhere near as volatile as farming. I've had a couple of clients tell me the current year could be their best ever which is pleasing to hear.

With all the statutory holidays and shutdowns over Christmas the second part of the business year is often not as profitable as the first, however the signs are promising.

On a final note, we are well into the pre-Christmas functions so make sure you look after yourselves. No doubt your plans for the holiday period are sorted, so I wish you all the best and look forward to seeing you in the New Year.

Cheers, KB



Estimating Provisional Tax

We'll be contacting our dairy farming clients over the next month or two to discuss estimating 2015 provisional tax payments. This process involves preparing a budget to calculate the impact of the reduced dairy payout on the client's expected taxable income. We'll be asking clients to review these budgets with us before making a decision on the appropriate amount of provisional tax required.

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Advice from Abacus

When the Labour Inspector Calls

The “Labour Inspectorate” has been active in our neighbourhood, with a couple of clients visited for audit purposes. The audits check for minimum compliance in five areas.

1. Appropriate written and signed **employment agreements** in place
2. For migrant employees, terms of employment consistent with **visa conditions**
3. **Accurate records** of all time worked and leave taken, including being able to provide **written timesheets** for hours worked
4. Requirements of **Holidays Act 2003** complied with
5. Any non-statutory deductions supported by written **employee authorisation**

A client who farms locally was recently subject to an audit. He milks 960 cows and employs five staff (all migrants). He was initially wary of the audit process and a little stressed at the prospect of the Inspector’s visit. However, Abacus Administration looks after his payroll and we were confident that the records were in order.

As the wage and time records were held by Abacus, these were requested and reviewed by the Inspector prior to the scheduled meeting. During the visit, interviews were conducted with both our client and his employees. The employer interview process took about an hour and further individual employee interviews followed. The inspector found that our client’s records and processes met the required compliance standards and no further action was required.

A good result!

It was obvious from the meeting that any deficiencies in the employer’s approach in the areas listed above would have created a potentially awkward and expensive outcome for our client, including further meetings and possible enforcement action by the Labour Inspectorate. **The message is clear** - make sure your employment practices are fully compliant and evidentially supported by good record keeping or risk the painful consequences.

For advice or assistance with employment issues, contact
Angela Millward on **extension 816**.

Get the advice that counts!

Congratulations !!

Light at the End of the Tunnel for Euan!

Staff member **Euan Lock** has just completed the final exam required for Chartered Accountant designation with Chartered Accountants New Zealand and Australia, our professional body. And to think it was just a few short years ago that he was enjoying the dairy farming lifestyle!



This result represents the end of many years of hard work for Euan, who studied while working full-time with us. Although he still needs to complete some mentoring requirements before he can officially call himself a “CA”, Euan is **VERY** pleased to finish the academic component of his study. Congratulations Euan, we’re proud of you!

What is “Family Scheme Income”?

Family Scheme Income is the amount of income that is calculated to determine the level of Working for Families tax credits that a family is entitled to receive for any year. The calculation includes not just taxable income, but also items such as childrens’ passive income (interest & dividends) and gifts from other family members to pay for living expenses. Business losses cannot be deducted.



So What’s Happening with Xero??

We’re continuing to develop our relationship with Xero and making more use of their accounting software in our practice. A growing number of new and existing clients are asking about using Xero to operate their businesses and we’re very pleased to be able to assist them with the setup and operation of their Xero file “in the cloud”.

We’ll be preparing 2015 financial statements for Xero clients on the Xero platform and they will have a different “look and feel” to those currently produced by our in-house (MYOB) accounting software.



Get the advice that counts !

Meet the "New Crew"

We've "inherited" an experienced and diverse crew from the Morrinsville office of RWPartners as part of our latest growth initiative. Let's put some faces to the names and find out a little more about who they are and what they do.

"It's funny how you go through the year day by day and nothing changes, then when you look back, everything's different"

Ritu Ghatourey



Joy Craig looks after reception and administration for the RWPartners office and is getting to grips with the new Diprose Miller identity. Joy has many interests outside the office, mainly related to husband Iain's "petrolhead" activities in their diverse vehicles. A keen walker, she also enjoys golf, fishing, bridge and travelling to visit family members overseas.

Lynda Brunton started her accounting career back in 1985. She took a break in 1990 to have her family, returning in 2003. She has a special interest and expertise in rural accounting and is a qualified Chartered Accountant (CA). A school BOT member since 1995 and the mother of three adult sons, her family recently celebrated 100 years in Morrinsville.



Nicky Kidd is a 15-year "veteran" of RWPartners and has particular skills and experience in the commercial (non-farming) accounting sector. She keeps herself extremely busy following the many and varied activities of her two children, aged 9 and 11, and enjoys time with her family. Nicky is a qualified ACA (Associate Chartered Accountant).

Lisa Peacock has a degree in Business Studies and became a qualified ACA in 2001. Brought up in Hawkes Bay, she and husband Alistair share milk close to Morrinsville and have two daughters. After 14 years in the commercial accounting field, Lisa started with Roger Wilson in 2007. She enjoys dabbling in photography when she's not being taxi driver for the girls!



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Meet the "New Crew"

But wait . . . there's more!!!



Kristine Nicholas spent ten years with the IRD before starting an accounting career with PWC in 2010. She has an accounting degree from Wintech and is working towards her CA designation. She lives in Morrinsville with husband Robert and three children who will all be attending different secondary schools next year! Kristine is a Client Account Manager.

Christine de Ath has been with RWPartners for nine years and works as a Client Account Manager. She's been in the accounting industry in a number of varied roles for 27 years and this experience has provided a range of skills that are proving very useful in her current role. Born and raised on a dairy farm in the Hauraki Plains, Christine now lives in Morrinsville.



Jo Walton has been in the accounting trade for more than 20 years, all of these with RWPartners (in one form or another). Jo works part-time and lives in Taupiri with husband Carl and their 9-year-old twin boys. She does a wide range of accounting work and when not in the office she enjoys boating, reading, cross-stitch and spending time with the family.

Kayla Jeffrey is the newbie, having been with RWPartners only four months. This is her first accounting job and she's getting to grips with GST returns and related work. Kayla starts her Diploma in Business Management at Wintech next year. A former Waikato touch rugby rep, she plays netball and lives in Morrinsville with partner Ryan.



"Get happiness out of your work or you may never know what happiness is"

Elbert Hubbard

The next challenge for our new staff will involve getting to grips with our Diprose Miller Ltd business structure. This includes using different software products for accounting and practice management while maintaining their existing high standard of client service!

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Staff Happenings

Mission Accomplished !!

In the previous edition of The Abacus we told you about Jeanette Clubb's upcoming participation in The Ride to Conquer Cancer with her sisters Anne and Linda and nephew Hamish. We're now pleased to report that they all completed the 200km course over two days in mid-November. The ride itself was without incident, but it was a challenging exercise, with gusty winds, rain and steep hills to contend with as the riders travelled from Ellerslie to Pukekohe and back. Although she enjoyed the ride, the highlights for Jeanette were the camaraderie of the group and the fundraising result.

Jeanette's group were very proud of finishing 8th overall (**\$21,600**) in the fundraising stakes, with Jeanette herself finishing 12th overall (**\$6,300**) in individual sponsorship!

They extend their sincere thanks to all clients, staff members and friends who supported them in the event.



**Total raised for
cancer research
\$1.5m**



A New Face in Morrinsville

Catherine Chaney is a newcomer to our Morrinsville office. Catherine is preparing GST returns and associated work for both Tony and Nigel. She's about half way through her Bachelor of Business Studies at Massey University.



This is a career change for Catherine, who has previously worked as a primary school teacher in both NZ and overseas. She's kept pretty busy with two young kids aged five and two, but we're hoping she can call on her teaching skills to keep unruly staff members (such as Euan Lock) under control!

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Community News

New Morrinsville Scholarship

Diprose Miller Ltd is pleased to announce their sponsorship of a new \$1,000 University Scholarship presented at Morrinsville College's 2014 academic prizegiving ceremony. We're very keen to promote accounting as a career to our local young people and appreciate the opportunity to take a more active role in this process.

"There are no secrets to success. It is the result of preparation, hard work and learning from failure."

Colin Powell



The new scholarship is presented for Excellence in Accounting and Economics. Staff member **Kassie Thomas** attended the ceremony to present the award to recipient Kuljeet Singh.

Fireworks are Spectacular !!



This year's Diprose Miller Ltd Fireworks Extravaganza in Morrinsville was a special evening enjoyed by a good crowd of enthusiastic onlookers. Director Tony Brown was there with his young family and tells us the night went "off with a real bang"!

This is one of many events organised by the Morrinsville Chamber of Commerce, chaired by our director Nigel McWilliam who was on site from 6am through to midnight to make sure things went to plan.

It's exciting for us to be involved with community activities that have such a "feel good" factor. Many of our staff attended and we hope that a good number of clients and their families were also able to enjoy the evening. We're already looking forward to 2015!

"Generosity consists not only of the amount given, but the manner in which it is bestowed"

Mahatma Gandhi

Get the advice that counts!

Staff Happenings!

BBQ in the Courtyard



We recently held our staff Christmas BBQ at the Te Aroha office. This very informal event is organised and funded by our active Social Club Committee and was well-attended.

Phillip Legg was the “head chef” for the evening and his culinary efforts were much appreciated by everyone.



“Always do right, this will gratify some people and astonish the rest”

Mark Twain

Clever Cookies

A group of intellectual staff members have been getting together each week to participate in the quiz challenge at the Ironique Café in Te Aroha. **Matt Ward, Kate Williams, Michelle Way, Barbara Jenkins and Erica Rigter** are learning plenty of new facts, although we’re yet to see the benefits of this in their daily work! They tell me that they have won the competition by a good margin, although they’ve enjoyed the social aspect more than the quizzing or the massive cash rewards that have come their way.

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Keeping You Up to Date

Employment Workshops

In late November we held workshops for employers to outline the new statutory requirements for health and safety in the workplace. The rules apply to both farming and non-farming businesses and we held separate workshops for these two groups to allow us to focus specifically on issues relating to each group.

It's fair to say that we were disappointed with the attendance given the importance of the topic. This feeling was reinforced when it became obvious from the sessions that, while a few clients were partly compliant with the requirements, most had no formal workplace health and safety plan in place at all!



You can expect to hear more from us about this issue as new legislation comes into effect in 2015, but be aware that doing nothing is not an option. Health and safety policies must be developed and applied, with appropriate documentation being a key component.

Interesting IRD Statistics for 2013

- a. **11.9 million** tax returns were processed
- b. **14%** of income tax returns showed a taxable income of \$70,000 or more (paying the top marginal tax rate)
- c. **40%** of GST returns were electronically filed
- d. **399,000** families were entitled to some form of Working for Families credit – **WOW!**



At March 2013 there were **5,400** active tax agents in NZ representing a total of **2.5 million** clients, an average of **460** clients per agent

And why aren't we all paying?

At June 2014 the total overdue **tax debt** in NZ was **\$6.2 billion**, with a further **\$3.0 billion** in overdue **Child Support**.

Altogether, that's **\$10 billion** dollars the IRD are currently trying to collect!



Get the advice that counts!

From all of us here at Diprose Miller Ltd . . .



We'll see you in 2015!