

Winter 2014



**DIPROSE MILLER LTD
EARNS GOLD PARTNER
STATUS!!
SEE UPDATES
INSIDE**



NEWSFLASH!!

Inland Revenue Changes Deadline for Cheque Payments

Inland Revenue have advised tax agents that future tax payments made by **cheque** will need to be **physically received** by Inland Revenue on or before the due date. Their previous policy was that cheque payments **posted** on or before the due date would be considered as being made on time.

“Welcome, Winter. Your late dawns and chilled breath make me lazy, but I love you nonetheless.”

Terri Guillemets

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



The last few days have shown us that we are staring down the barrel of Winter. We've had a mild Autumn, which has certainly been good for grass growth in the Waikato and it seemed for a while that Winter was never going to get here.

I phoned some clients a couple of days ago in Southland who were drying their cows off in the snow. No wonder they weren't fussed on talking to me!

Speaking of Southland, they have had an almost perfect dairy season, as has the Bay of Plenty. For the Waikato the dry weather hung on for too long, although at least the Autumn has been kind. Canterbury has had some adverse weather events to contend with, so its been a real "mixed bag" around the country.

Some clients are in the throes of heading off-shore for a well-earned break. To these people, we wish you safe travels and look forward to hearing of your exploits when you return.



"The traveller sees what he sees, the tourist sees what he has come to see"

G K Chesterton

There have been more farm settlements and changing of jobs this year than usual. We trust the shifts in the next week or so go well and the farm/job meets your expectations.

The 2013/14 dairy season has had a number of positive factors influencing its result. Early indications are that some of these factors, like interest rates and payout, will bring results back for the new season.

Enough of that talk - we don't want to be thought of as having a "glass half empty" approach! The announcement of Fonterra's advance rate will be interesting.

Get the advice that counts!



EDITORIAL (continued)



For our business and investor clients we are busy preparing financial statements for the 2013/14 year. Results so far are positive but not back to where we would like to be. Various industries have progressed towards increased profitability in differing time frames but we certainly expect to see better results in 2013/14 and further improvement in 2014/15. Expect to hear from our staff in the next few weeks with any queries they may have. The sooner you respond to these queries, the more efficient we can be with finalising the statements.

My fellow directors are all digging in for the Winter so you won't have much trouble finding us. Queen's Birthday is upon us already, the last public holiday before October.



Finally, I must mention **Craig and Katrina Marshall**. Craig told me he would produce 2,000kg of milksolids per effective hectare this season. I told him that if they did, they would make the newsletter. Will being mentioned in the Diprose Miller Ltd newsletter be a life-changing experience for them?

We'll have to wait and see!

Here's hoping you enjoy the challenges that Winter provides and we look forward to catching up with many of you before the Spring arrives.

My wife said "Watcha doin' today?"

I said "Nothin'"

She said "You did that yesterday"

I said "I wasn't finished"

Annual Questionnaires

Clients with May balance dates will have our annual client questionnaire mailed to them separately. **Please take the time** to complete the necessary details and provide them to us with your papers for the 2014 year.

Farmers with May balance dates : Please complete the livestock (green) form to indicate the number of animals owned on Saturday 31 May.

Get the advice that counts!

Congratulations!!

Hard Work Pays Off

Congratulations to Morrinsville director **Nigel McWilliam** who has now graduated with his post-graduate **Certificate in Governance** from Waikato University. The qualification is the result of a full year of intensive study and plenty of late nights were necessary as Nigel balanced his family, work and study time.



The course covered topical management and administration matters such as minimum financial reporting standards, directors and trustees duties, legislative changes, strategic planning and succession issues. Nigel earned the **Golden Key Award** for being in the top 15% of graduates. It's been a busy time for him. He's also just completed, along with our accounting staff, his Xero Certification course (see separate article).

Our directors and senior staff are constantly attending Professional Development sessions to ensure that we are able to offer our clients sound, up-to-date advice on corporate and trust structure, planning and governance.



"I have never in my life learned anything from any man who agreed with me"

Dudley Field Malone

NZ Business Numbers

Clients with companies have likely noticed that the Companies Office has issued all companies with a NZ Business Number. This **13-digit** (does it really need to be so long?) number has been introduced with the intention of "making it easier for all businesses to interact with a wide range of government agencies".

We're not sure why this can't be done with the existing 9-digit IRD number, but there are plans to issue the new 13-digit number to all sole traders, partnerships and trusts. We'll keep you updated on developments.



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Advice from Abacus

Trial Periods for New Employees

With the new farming season about to start, here's a reminder to clients on the correct application of the 90-day trial period rules.

1. Trial periods **must** be agreed as a term in **written** employment agreements.
2. All employment agreements must be mutually agreed and there are obligations to negotiate terms and conditions in **good faith**.
3. The trial period must be agreed in writing **before** the employee starts work.

Watch Those House Allowances!

Employers, remember that if an employee is provided with accommodation free of charge, they must be taxed on the **market value** of that accommodation and it is the employer's responsibility to ensure that this is done through the payroll system.

This is particularly common in (but not exclusive to) the farming sector and traditionally employers have not always based their calculations on a genuine market value for the accommodation provided.

We understand that the Inland Revenue intends to devote some energy to reviewing the application of the market value rule, so check your calculations. If you need advice, contact us.

Seasonal Averaging Can Be Trouble

Employers must ensure that employees are receiving at least the minimum wage for any hours worked, even when an employee is on a salary. This means that an employee's pay may need to be "topped up" at certain times of the year. It is important to be vigilant with time and wage records.

We provided an example of how this seasonal averaging works in our last newsletter. This can be viewed at our website **www.diprosemillar.co.nz**. For further advice, contact our office and speak to the Abacus team. Be aware that Inland Revenue are focusing their attention on this issue in the Waikato region.

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Certification Complete

Our accounting staff have recently completed Xero certification and are now qualified “**Xero Advisors**”. The certification process consisted of two webinar sessions and a full-day on-site hands-on training session.



The training session was presented by a “Xero Trainer” and ended with a certification test that required an 80% pass. We’re proud of the fact that our accounting staff are now certified and available to assist clients with the operation of their Xero accounting files. Expect to see more updates as we build on our “Gold Partner” status with Xero.

**Lady says to doctor “My husband talks in his sleep.
What can I do to cure him?”
Doctor replies “Give him a chance to speak when he’s
awake”**

It Just Makes You Wonder . . .

The Government released its 2014 budget earlier this month. We made some observations about their revenue and expenditure that we thought were worth sharing with you.

1. Welfare payments absorb almost all of the personal tax revenue collected. Sobering thought!
2. Health spending absorbs almost all of the GST revenue collected.
3. Education absorbs all of the company tax revenue collected.
4. Increased personal taxes made up the bulk of the increase in government revenue this year.



We notice that the country is due to see its first budget surplus since 2008, after 6 years of tightly controlled Government spending. We’re still deeply in debt and this will increase for a couple more years before it starts to be repaid. There are no changes to income tax or GST rates signaled by the budget, but tax cuts are possible before the election.

However, if there is a change of Government

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You Need To Ask This Question

Is ACC Alone Providing You With Adequate Cover ??

When reviewing personal insurance cover, it is easy to forget that ACC only provides cover for injuries arising from **accidents**. It does **not** provide cover for **illness** (although there are many ACC-related disputes around the fine line between the two!).

If you receive self-employed sole trader, partnership or shareholder-employee income then ACC is unavoidable. What can be managed is the level of cover that is provided (and levied for) by both ACC and other providers.

Weekly compensation from ACC will only provide cover for accidents and can leave you vulnerable if you suffer a serious illness.



When assessing your requirements for cover in the case of illness, consider the following statistics.

1. Every day 9 NZers are injured on a farm. Every year, 16 die from their injuries.
2. Every day 21 NZers suffer a stroke. 25% of them are under 65.
3. Over 3,300 NZ men are diagnosed with prostate cancer every year.
4. 1 in 3 NZ adults with heart disease has had a medical procedure.
5. 57% of NZers would experience some financial hardship if the main income earner suffered a major illness.

Many of our clients now opt for Cover Plus Extra cover with ACC and “dial down” the level of cover to the minimum (\$22,880). The levies saved are used to help pay for a private (non-ACC) policy which covers both accidents **and** illness. The above statistics paint a bleak picture, but a well-developed financial plan can lessen the impact of a serious injury or illness should this occur to you, your family or your business partner.

ARE YOU ADEQUATELY COVERED ??

“What the world really needs is more love and less paperwork”

Pearl Bailey

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Useful Stuff to Think About

Company Vehicles—Get Smart!

A reminder to clients that vehicles owned by companies are subject to specific rules (sometimes complex) with regard to income tax and GST claims. The correct application of these rules is determined by a mix of factors, including:

1. The **tax status** of the company (standard, qualifying or look through)
2. The **person** using the vehicle (shareholder or employee)
3. The actual **business use** of the vehicle
4. The **availability** of the vehicle for private use



The consequences of getting it wrong can be significant and we encourage clients who are buying/leasing vehicles to contact us to discuss the most appropriate option for ownership.

Farmers : Remember that double-cab utes are **not** automatically treated as 100% business vehicles even if they are sign-written.

Doctor : “Madam, your husband needs peace and rest, so here are some sleeping pills”

Wife : “When should I give them to him”

Doctor : “They are for you”

Advice for Non-Profit Groups

We act for (and help) a large number of community groups with their tax and administration obligations. Early in May we held a session for non-profit clients to view a webinar on aspects of running an effective annual meeting. The session also explored issues relating to the legal structures available for non-profit groups, the importance of the constitution/rules for income tax exemptions and the requirements for non-profit groups in relation to the filing of income tax and associated returns with Inland Revenue.

Feedback from the session was excellent, with a number of attendees gaining a better insight into the legislative environment in which their organisations are operating.

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Staff Happenings

Kathy Reily

Kathy returns to us after an extended stint working out of town, although still in the accounting field.

She and husband Shane live locally with their two dogs Rocky and Zena. They both enjoy the outdoors and entertaining friends.



Kathy is working as a Client Account Manager for Jeanette's team. One of her first tasks was to complete the Xero certification which she successfully passed to become a Xero Certified Advisor.

Karen O'Connell



Karen has been with us in the Morrinsville office since September 2013 and works on Tony Brown's team as a Client Account Manager. She is studying towards a Diploma in Business.

Karen lives in Hamilton and enjoys spending quality time with her young family.

Southern Arrival

Staff member **Melissa Slattery** and husband **Justin** welcomed number one son **Ryan** into the family on 1 April 2014.

The birth went smoothly and they have already been visited by both sets of excited Northern grandparents. Kelly and Anthony have also visited while travelling through the Canterbury region and were pleased to report that they're all doing well.



Get the advice that counts!

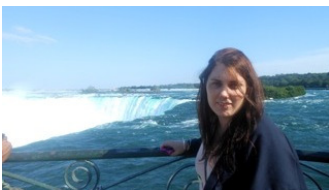
Staff Happenings!

Back from the “Big OE”

Staff member **Kate Williams** recently returned from her overseas travels and has settled in again as part of Darren's team. She was away from NZ for 18 months and spent most of this time in Toronto, Canada. During her time away Kate enjoyed participating in a number of “schools” organised by the School of Ministry.



New York skyline



Niagara Falls



Ottawa & friends



With the NYPD

Highlights of her time away included spending Christmas 2012 and New Year 2013 in New York, a fabulous experience. She travelled extensively within the US, visiting the Niagara Falls twice, and spent volunteer time in Alabama working in a drug rehabilitation centre for teenage boys. Kate also managed to sneak in a couple of quick trips to the UK where she led an Outreach program for 13 students from all over the world.

Don't Mess with Barb

Staff member **Barbara Jenkins** showed her hunting prowess on a recent expedition with partner Daniel into the wilds of Te Pahu. She bagged an 11-pointer red stag, an impressive trophy considering this was her first hunting trip.



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Keeping You Up to Date

2014 Herd Scheme Values

The Inland Revenue Department has recently released the National Average Market (Herd Scheme) livestock values for the 2014 year. We've seen increases all around compared to 2013, with dairy cattle values up by **5-10%**, beef cattle and sheep up around **15%** and deer up by **5%**.

Check Those ACC Invoices !!

We strongly recommend that clients carefully **check their invoices from ACC** to ensure that the appropriate amount of cover is being invoiced and paid for. Many clients are choosing to have their ACC invoices sent direct to our office for review and approval before payment is made. This process prevents invoicing errors that can occur. Feel free to contact us with any invoicing queries.



Man on the Move

Staff member **Euan Lock** has moved to our Morrinsville office to work with Tony Brown's team.

Euan, who has recently graduated with his business degree from Waikato University, will provide senior accounting support for Tony and work towards his Chartered Accountant designation.

He was given a rousing send-off from the team in Te Aroha who will miss his dry wit, valuable sporting insights and passion for his work. He's now free to stamp his mark in Morrinsville, so keep an eye out for the man in pink!



"Our character is what we do when we think no one is looking"

H Jackson Brown, Jnr

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We're at the Fieldays !!

We're going to be spending a morning at the Fieldays with Xero and we'd like to invite our clients to catch up with us to discuss Xero as an option for your accounting and reporting needs.

We'll be focusing on providing demonstrations of the Figured software designed to assist farming clients with livestock reconciliations, cash flow forecasting, variance reporting and related issues.

Feel free to come along on **Wednesday 11 June** and enjoy our hospitality. We'll be there until **12.30pm**.



New Zealand National Agricultural

Fieldays

**Wednesday
11 June 2014**

STAFF EXTENSION PHONE LIST

Te Aroha

Angela Millward	816	Julie Luxton	818
Ann-Marie Sutherland	807	Kate Williams	837
Angela Young	819	Kathy Reily	866
Anthony Gray	805	Keri Allen	815
Barbara Jenkins	862	Kerry Jacobs	830
Debbie King	832	Kylee Elgar	839
Deborah Young	831	Matt Ward	895
Diane Cooper	899	Megan Farac	800
Ellie O'Donoghue	868	Michelle Way	858
Eric Russell	820	Murray Whittaker	829
Erica Rigter	823	Nigel Pearce	814
Erin Morgan	817	Phillip Legg	821
Gail Brown	802	Robyn de Boer	827
Heather Neems	0	Sharon Coombe	859
Joann O'Donoghue	813	Wendy Gwynne	803
Judith Borrie	804	Yvonne Avery	856

Morrinsville

April Dornan	707
Euan Lock	711
Jeremy Skedgwell	706
Karen O'Connell	708
Kassie Thomas	705
Nikki Brown	709
Sandra Green	710
Sharon Lawson	700
Tonya Whitten	702



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