

the abacus

Winter 2016



Diprose Miller is on Facebook !!

Yes, we've taken the next step in electronic communication with our clients by establishing a Facebook page!

Please **check it out**, as there are plenty of handy tips and reminders, together with updates on what's happening in and around our Te Aroha and Morrinsville offices. We're updating our content regularly.

And we'd love some feedback from you to let us know if we're on the right track!

"Winter is the time for comfort, for good food and warmth, for the touch of a friendly hand and for a talk beside the fire : it is the time for home"

Edith Sitwell

THE OFFICIAL NEWSLETTER OF

DM

DIPROSE MILLER
chartered accountants

Te Aroha 07 884 8055 Morrinsville 07 889 1018 W. www.diprosemiller.co.nz

Get the advice that counts!

EDITORIAL



Well, I have to say that Autumn didn't seem to last long and now we're well and truly into Winter. Rita and I took a 10-day break to Australia back in early May and when we left NZ things were quite dry. After enjoying magnificent weather on our drive from Sydney to the Gold Coast, we got home and things had deteriorated markedly. I'm sitting in Whangamata writing this editorial and it's damn cold. The Autumn/Winter change can be quite dramatic!



Looking at early results from the 2016 accounts our staff are producing, those involved in the residential property sector are flying, even in our own little patch. There are times when an upturn in this sector only affects the cities, but the current improvement seems much more widespread. We're not just talking sales of existing homes, but large numbers of new homes are being built, which is good news for tradies and associated industries.

The 2016 tax returns we have completed for fund investors have shown that returns are down from 2015. We'll soon be generating some retail results and it will be interesting to see if the real estate trend is matched in the retail sector. I'm not so sure that it will!

On the farming front things can best be described as fair. Despite the season ending well for most, I'm told that the early part of 2015/16 was poor in Southland. We now have opening forecast milk payouts for the dairy companies for 2016/17. The payout for last season was rock bottom and breaking even in the new season will be a challenging task. We'll be working closely with rural lenders over the next few months and prioritising work where necessary.

We'll have some of our staff on the Xero stand at the Fieldays this year. If you're passing, don't hesitate to make yourself known to them and take advantage of the hospitality on offer.

In the meantime, keep well this Winter and we look forward to catching up with you over the next few months.

KB

Patient : Doctor, I feel like a pony!

Doctor : Don't worry, you're just a little hoarse!

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CONGRATULATIONS !!

It's Great to be Qualified !

Staff members (from left) **Kristine Nicholas**, **Euan Lock** and **Kassie Thomas** recently attended the CAANZ graduation ceremony at the Wintech Atrium in Hamilton. Supported by family and friends, they received their graduation certificates and celebrated the end of years of study.



Euan and Kassie graduated as Chartered Accountants (CAs) and Kristine as an Associate Chartered Accountant (ACA). Well done, we're all very proud of you !!



Farmers with May Balance Dates

Please remember to complete and return the annual client questionnaire documents we have recently sent to you (including providing details of livestock owned as at 31 May 2016)

A New Face in Morrinsville

Dan Howard

Originally from Katikati, new Morrinsville staff member Dan Howard now lives in Hamilton with his partner Maddy, also an accountant

He's been studying through Lincoln University for three years now toward a Bachelor of Commerce Agriculture (BComAg) majoring in Accounting.

Dan plays rugby for Morrinsville Sports and spent six months last year travelling in the UK, Europe and Australia. He worked for six weeks on a cropping farm in England and saw a few Rugby World Cup games before coming home via Perth where he was a grain harvester driver. Dan works for Director Jeremy Skedgwell as a Client Account Manager.



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Our Farming Initiatives

A New Farming Service for Clients

The quantity of pasture and crops grown and eaten on the dairy milking platform, when expressed per hectare, is widely regarded as one of the key drivers of dairy farm profitability. In the current low dairy payout environment it may be a good time to find out how this measure of performance “stacks up” in your farming operation.

We can complete this calculation for you. To do so, we require information on the quantity of imported feeds (PKE, meal, maize silage, hay, etc), the area of the milking platform, the quantity of milksolids produced and cow numbers milked (and breed). We're sure you'll find the result interesting when you compare it with others.



If you would like us to calculate your pasture/crop eaten performance, contact **Euan Lock** at our Morrinsville office on **extension 711**. He will collect the necessary data and prepare the calculation.

Xero & Figured

We're now into our third year using the Xero accounting software to prepare GST returns and annual financial statements for a number of our clients and our Xero client base is steadily growing.



We're now starting to see a growing number of clients embracing the use of the Figured farming software in conjunction with Xero. Our recent workshop in Te Aroha outlined the benefits of cloud accounting for farmers using the Xero/Figured product, particularly now that a close liaison between the farmer, accountant and bank manager is becoming more important.

The Resilient Farmer

Around 50 enthusiastic farmers attended our Doug Avery presentation in mid-April at the Morrinsville Golf Course. Doug is well-known for his practical approach to farming under adversity.

Doug's message to the “flock” focused on being genuinely open to change, taking practical action rather than just planning and being prepared to be flexible with your approach when times are tough.

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Advice from Abacus

Key Changes to Employment Law

We feel like we're "harping on" about this topic quite a bit lately, but it's **really important**. So if you are employing, please review the points below that summarise key changes to employers' obligations under new legislation that is effective from **1 April 2016**. Yes, it already applies, don't be caught out!

1. So-called "zero hour contracts" that do **not** specify hours of work are **no longer allowed** and any employment agreement must include the agreed hours of work specified in accordance with section 67C.
2. An employer may only include a restriction on an employee performing work for another person if they have **genuine grounds** for such a restriction and these grounds are stated in the agreement.
3. The law now states that wage and time records must be kept **in writing**, or in a form that can be easily converted into written form.
4. An employer must **record all additional hours** worked, even for a salaried employee, to comply with recordkeeping requirements relating to minimum entitlements.

Tougher sanctions for breaches of employment standards include public naming of convicted employers, banning of individuals from being managers, penalties increased to a maximum of \$50,000 for an individual and an extension of liability to other persons knowingly involved with the breach.

Newbies Need CPX !

We strongly encourage our clients who are new to self-employment to apply for a Cover Plus Extra (CPX) policy with ACC from the commencement of business, rather than accepting the default "Cover Plus" option that can be difficult to claim under where there is limited trading history. Feel free to contact us to discuss the benefits of this option.



Annual Company Returns

A reminder to our clients with companies that we need you to promptly action annual company return information that we send to you. The annual return confirms various details relating to the company structure and personnel. A strict deadline applies for the filing of annual returns and companies that do not comply **may be struck off** the register. Please help us to make this job easier by signing and returning these forms promptly to our office.

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In the Community

Those Netball Girls

We'd like to introduce you to the Diprose Miller Ltd ladies netball team. They're playing in the Morrinsville league on Thursday nights and so far they've had mixed success, but the season is young!

The photo shows the team lined up in their Diprose Miller gear. Staff member **Kayla Jeffrey** is on the far left. On the far right is coach (and staff member) **April Dornan**. Absent is staff member **Deena Hobbs**.



"The best way to find yourself is to lose yourself in the service of others"

Gandhi

All in Pink for the Cause

Some of the ladies from our Morrinsville office attended the annual Pink Ribbon Fundraiser breakfast at the Loxy & Co eatery, supporting the fight against breast cancer. From the left, **Joy Craig**, **Lynda Brunton**, **Kayla Jeffrey**, **Sandra Green**, **April Dornan**, **Kristine Nicholas** and **Kassie Thomas** all fronted up early for the event.



As most of us know, pink is **Euan Lock's** favourite colour, so we hope that he tried out one of the tutus for at least part of the working day !!

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The Four-Legged Corner

From the Horse's Mouth

Early May saw the annual National Weanling, Broodmare and Mixed Bloodstock Thoroughbred sale held at Karaka, with increases in average sale values across the board. The sale was held over three days with a clearance rate of 91%, which suggests there was strong interest from purchasers.

The weanling sale held over the first two days attracts two main types of investors. The first are those purchasing weanlings to rear and develop as racehorses and the second are "pinhookers" looking for a weanling to on-sell at next year's yearling sale.

Pinhookers invest in weanlings that they believe value can be added to over the next 8-9 months in order to make a profit at the more lucrative yearling sales which attract worldwide interest. Next year's yearling sales series will be held starting on 30 January 2017 and attract not only national buyers but those from Australia and many Asian countries.

The final day of the sale showcases broodmares, yearlings, unraced stock and racehorses among the lots on offer. Broodmares can be in-foal or empty and some even have a weanling foal at foot. When looking to invest in a broodmare the purchaser needs to have a clear vision of what they intend to do with the mare. It is important with in-foal mares that you identify the last service (mating) date to allow you to plan the upcoming spring service.

Broodmares with late service dates can often create problems as a mare's gestation period is approximately 340 days or 11 months and one week.

The later a foal is born the harder it can be to sell, so the earlier the foaling date the better.



A big thanks for our resident equine expert, **Tony Brown**, for his insights into the latest happenings in this popular local industry

***A horse is a horse, of course, of course
And no one can talk to a horse, of course
That is, of course, unless the horse is***

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Useful Stuff to Think About

Herd Scheme Values Take a Dive

We've just had the 2016 Herd Scheme values released. As expected, dairy cattle values have taken a dive on the back of the falling milk payout, down by around **20%**.

In contrast, beef cattle values have seen a small increase for 2016, while sheep values have not changed.



Use of Money Interest Rates

Inland Revenue Use of Money Interest rates have changed from 8 May 2016. For **underpayments** the rate drops from 9.21% to **8.27%**. For **overpayments** the rate drops from 2.63% to **1.62%**.

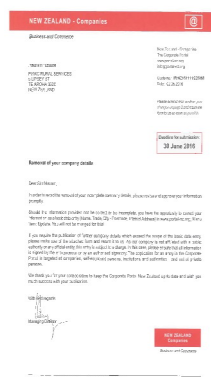
NZ Business Number (NZBN)

All companies registered in NZ have been allocated with NZBNs since 2013 as a key initiative of the Government's "Better for Business" programme. By the end of the year, NZBNs will be allocated to other business structures such as sole traders, partnerships and incorporated societies. The NZBN is intended to be a unique identifier "to reduce the time and energy businesses spend providing government with information in different ways". **Mmmm . . .**

Watch for This Company Scam !!

We'd like to warn you of a scam involving letters (see **sample** on right) sent to some clients asking them to sign and return a document to "avoid the removal of your incomplete company details". Our clients have mistakenly thought that this communication was from the NZ Companies Office - **it is not!**

The letter is actually soliciting advertising revenue for "The Corporate Portal New Zealand" website based in Germany. The fine print includes an obligation to be invoiced for \$NZ1,411 if you return the requested information. How cheeky can you be?



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Staff Happenings

Playing Up on Stage

Staff members **Anthony Gray**, **Murray Whittaker** and **Phillip Legg** were busy with the Te Aroha Little Theatre's production of "Quartet" that was on stage in early April. Anthony played the part of Wilf, one of four aging opera singers thrown together in a retirement home.



Murray and Phillip were kept busy looking after the lighting and sound effects. The theatre's next production is the hilarious comedy "Run for Your Wife", directed by Paul Ferguson and on stage in early August.



There's no show without the crew !

"Life's like a play. It's not the length, but the excellence of the acting that matters"

Lucius Annaeus Seneca

Car Rally Proves Popular

Our hard-working Social Club held its annual "Muzza's Car Rally" event earlier this month. The route took our six teams around the Waikato on a very pleasant Sunday morning, finishing up at the Punnet Café in Tamahere for a leisurely lunch.

Lyn Miller and husband Jumbo brought their 1927 Model T Ford Roadster (pictured) along for a day out. Although it got a bit wet at the café, good weather was the order of the day. Organiser **Murray Whittaker** was thanked for his efforts, despite the usual good-natured "discussion" around the quality of the clues!



Although the scores were close, the team from our Morrinsville office just edged out their Te Aroha opposition. Congratulations to **Joy Craig**, **Kassie Thomas**, **Sharon Lawson**, **April Dornan** and their driver **Iain Craig** (Joy's husband).

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More Interesting News

Business Tax Package

In April the Prime Minister announced a business tax package that includes proposals to simplify business tax. We've highlighted some of the major points below.

Less Use of Money Interest (UOMI)

Increasing the level at which Use of Money Interest will apply
Extending the individual UOMI threshold to companies and trusts
Removing UOMI for the first two instalments if the uplift method is applied

Calculation of Provisional Tax

A new **Accounting Income Method** (AIM) for calculating payments based on results from the taxpayer's accounting software

Reduced Penalties

Removing incremental late payment penalties on GST, income tax and Working for Families debt

Tax Simplification

Simplifying FBT for small companies
Increasing thresholds for adjustments in subsequent tax returns
Removing the need to renew RWT exemption certificates annually
Increasing the threshold for annual FBT returns to \$1m of PAYE
Modifying the 63-day rule for employee remuneration

Self-Management & Transparency

Allowing contractors to elect a withholding tax rate
Sharing tax information for significant debts with credit reporting agencies
Sharing information with the Companies Office about serious offences

There's some pretty significant stuff here, most of it positive and practical. The catalyst for these changes is surely the ease with which information can be gathered and transferred in our modern age. Big brother has finally come of age, and he'll be watching you closer than ever. **Get used to it !!**

**When I was a kid, my English teacher looked my way and said, "Name two pronouns".
I said, "Who, me?"**

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Staff Happenings

Mission Accomplished



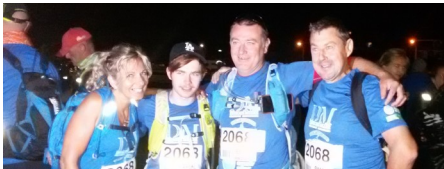
You'll remember from the last edition of The Abacus that our team of intrepid staff members were tackling the 100km Oxfam walk held in and around Whakatane and Ohope in early April.

Erica Rigter, Darren Diprose, Euan Lock and Grant Glover survived the ordeal, despite an extraordinarily wet weekend with electrical storms thrown in. Over 190 teams accepted the challenge, starting at 7am on the Saturday morning. Our guys crossed the finish line at lunchtime on Sunday feeling exhausted but satisfied with their work.

The photo above shows our team at the 50km marker (half way). Unfortunately for them, the second 50km was much more challenging than the first! Along the way, they "adopted" two teammates from another team, one of these a Chartered Accountant from Hong Kong (Euan was very amused by this coincidence!).



Their trusty support crew of **Jeff Rigter, Megan Diprose, Maria Lock and Lyn Miller** provided encouragement, humour, dry clothes, sustenance along the way and refreshments at the end. After a short celebration they were all in their beds by 8.30pm Sunday night with plenty of photos and fun memories to look back on.



We'll wait and see if they do it again next year !! Our team raised almost **\$4,500** and wish to say a big **thank you** to their generous supporters.

And Baby Makes 10 !!

Our congratulations to Te Aroha receptionist Diane Cooper on the birth of grandson Blake earlier this month. That's grandie number 10 for Diane, so she's never short of a babysitting job!

Yet Another Scam !!

A number of clients have received emails claiming to be from Inland Revenue and suggesting that a tax refund is available provided that certain information is provided.

Our Inland Revenue Department generally don't communicate via email and they definitely don't ask taxpayers to transmit confidential information in this manner. Please **check with us** before responding to any such email communication claiming to be from Inland Revenue. Generally the sender's email address will look suspicious, but as tax agents we should be your first contact.



STAFF EXTENSION PHONE LIST



**TOLL-FREE
0800 888 055**

Te Aroha

(07) 884 8055

Angela Millward	816	Eric Russell	820	Kylee Elgar	839
Angela Young	819	Erica Rigter	823	Leanne Baird	837
Ann-Marie Sutherland	807	Erin Morgan	817	Lyn Miller	0
Anthony Gray	805	Gail Brown	802	Megan Farac	800
Barbara Jenkins	862	Grant Glover	895	Michelle Way	858
Chelsea Grace	814	Joann O'Donoghue	813	Murray Whittaker	829
Debbie King	832	Judith Borrie	804	Phillip Legg	821
Deborah Young	831	Julie Luxton	818	Robyn de Boer	827
Diane Cooper	899	Kathy Reily	866	Sharon Coombe	859
Ed Wagstaff	864	Keri Allen	815	Wendy Gwynne	803
Ellie O'Donoghue	868	Kerry Jacobs	830	Yvonne Avery	856

Morrinsville

(07) 889 1018

April Dornan	707	Euan Lock	711	Lynda Brunton	722
Andrew Pullon	731	Jo Walton	708	Nicky Kidd	728
Catherine Chaney	714	Joy Craig	700	Nikki Brown	709
Christine De Ath	721	Kassie Thomas	705	Sandra Green	710
Dan Howard	733	Kayla Jeffrey	723	Sharon Lawson	729
Deena Hobbs	703	Kristine Nicholas	724	Tonya Whitten	702
Etana Zaguri	730	Lisa Peacock	725		