

# the abacus

# Winter 2017



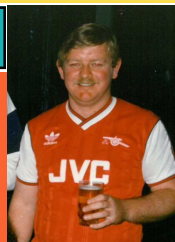
**INSIDE**

**Tax cuts & tax changes  
New staff & old staff  
Serious stuff & fun stuff  
Good news & other news**

Take a break, grab a cuppa and enjoy a wander through our latest edition of The Abacus. It's been a challenging few months for all of us, with our clients managing in cold and wet conditions and our directors and staff having to get to grips with ongoing tax and law changes.

## STOP PRESS !!

In this month's edition we celebrate the achievements of a mild-mannered staff member who has reached an incredible milestone. And he's not just a loyal team member, but a fabulous guy!



**"Perhaps I am a bear, or some hibernating animal underneath, for the instinct to be half asleep all Winter is so strong in me".**

Anne Morrough Lindbergh

THE OFFICIAL NEWSLETTER OF

# D<sup>M</sup>

**DIPROSE MILLER**  
chartered accountants

Te Aroha 07 884 8055 Morrinsville 07 889 1018 W. [www.diprossemiller.co.nz](http://www.diprossemiller.co.nz)

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# EDITORIAL



I always seem to begin these editorials with a comment about the weather and this time is no exception. An unbelievable amount of rain has fallen over much of the Waikato through the late Summer and Autumn. For our farming people the season came to a fairly abrupt halt and for those around some of our waterways the surface water has stayed around much longer than usual and caused a deal of problems around feed. In May it actually turned quite cold and it's a while since we've had a series of frosts at that time of the year.

**"The trouble with weather forecasting is that it's right too often for us to ignore it and wrong too often for us to rely on it"**

**Patrick Young**

Enough of the weather, let's look ahead to the financial year that's just begun. As noted in our last edition, the country seems to be flying at the moment. With the recovery of dairying, our land-based activities are all going well. However the rules and regulations, especially relating to the environment, are getting a whole lot tougher.

Our tradespeople and service industries are also going well and it's been a pleasure to talk to these clients about the performance of their businesses over the last twelve months. Retailing is one sector that is hard work and will probably continue to be so, while investor returns for last year can probably be described as modest.



**WHEN PEOPLE ASK,  
"WHAT DO YOU DO?"**

**ANSWER:  
"WHATEVER IT  
TAKES"**

Our firm has had some staff changes recently and we are pleased to have employed some quality people. Clients will of course be notified where there is a change in the personnel handling your work. With Queen's Birthday weekend now behind us we have a long haul through to our next long weekend at the end of October.

We'll get through a lot of work in this period going by our 2016 results, so we look forward to catching up and providing you with the service that's required in this challenging environment.

**KB**

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# In the Community

## 40 Years is a Loooong Time !!

Our longest serving staff member **Murray Whittaker** recently reached a significant milestone - 40 years of continuous service. Murray started as a fresh-faced school leaver in 1977 and has grown with the firm ever since. He's quite rightly proud of his longevity and holds **Accounting Technician (AT)** status with CAANZ, our professional body.

As was appropriate for such an auspicious occasion, Murray's service was acknowledged with a special presentation during our team building exercise in Hamilton a few weeks ago (see separate article).



Murray in 1984

## Murray's a Real Community Man

Throughout his many years as a loyal employee Murray has also found the time to be involved with a number of community groups and has provided both his time and expertise to assist with numerous and varied fundraising activities.

Outside the office Murray's first love is football. He's been player, coach and administrator for a number of teams and a devoted fan of the Arsenal Football Club for as many years as we can remember. He's on a high lately with their recent FA Cup victory.



He's been a key part of local theatre productions for a number of years, applying his skills mainly to lighting and sound management. We'd love to see him in an acting role, but that might take some persuading from our readers!

Yet a further string to Murray's bow is his DJ work that has seen him provide the music at many weddings, significant birthdays and other celebrations. He's been appreciated on many occasions for providing his services free of charge for fundraising activities, most recently the Lions Clubs Centennial Dinner held at the new Silver Fern Farms Events Centre in Te Aroha.

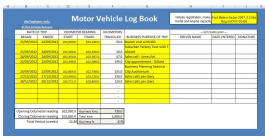
**CONGRATULATIONS, MUZZA  
& KEEP UP THE GOOD WORK !!**

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# Interesting Developments ?

## A New FBT Alternative

From April 2017 closely held companies that make vehicles available for the private use of shareholder-employees can elect to use a log book arrangement to claim a portion of the vehicle expenses for income tax and GST purposes instead of having to deal with the FBT issues that arise by default in this situation.



The image shows a 'Motor Vehicle Log Book' form. It has columns for 'DATE', 'MILEAGE', 'BUSINESS MILEAGE', and 'PRIVATE MILEAGE'. There are also sections for 'VEHICLE INFORMATION' and 'OWNER INFORMATION'.

Using a log book won't be the best option for every situation, but it may give a better result in cases where there is high business use and/or a high purchase price.

A closely held company is one with five or fewer shareholders, so it covers the bulk of our clients. We'll be keeping an eye out for vehicle purchases where this option may benefit our clients. For more information please contact your Client Account Manager.

## New Mileage Rates

The Inland Revenue vehicle mileage rate for the 2017 year is **73c per km** and applies to both petrol and diesel vehicles. For the first time, there are rates for hybrid (73c) and electric (81c) vehicles.

Based on the IRD data, while the running costs for the electric vehicles are lower, the higher mileage rate reflects the higher fixed costs.



## Watch Those IRD Internet Payments !



Most clients are now making payments to Inland Revenue electronically through their internet banking websites. This works well provided the client selects the correct tax type and period. We'll soon be sending the bulk of our tax payment advice notices to clients via email. This provides a more reliable form of delivery and allows us to confirm that the client has received the advice.

## Interest-free No More

From 1 June Fonterra is charging interest on Co-operative support loans to suppliers. The interest rate for the Jun-Aug 2017 quarter is **2.47%**. Payment will be deducted from milk proceeds.

**2.47%**



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# Advice from Abacus

## Helping with Health & Safety

We're excited to announce that we are developing, in conjunction with Hamilton technology specialist Anago Limited, a cloud-based software product that clients can use to set up and maintain a robust health and safety program for their workplace.

Initially we'll be focusing on the farming environment, but plan to extend the application to cover a wide range of business types. The software will make it much easier for clients to comply with the new legislation and keep their health and safety practices up to date.



We plan to have the product operational in the next few months. Clients who wish to register an interest in finding out more about this service should contact **Ellie O'Donoghue** on **Ext 868**.

**People used to laugh at me when I would say "I want to be a comedian".**

**Well, nobody's laughing now.**

## From Our Legal Exec Desk . . . .



Our qualified legal executive, **Michelle Way**, has kindly agreed to provide us with regular comments on topical issues relating to the work that she does at Abacus Administration to assist staff and clients.

A hot topic at the moment for Michelle is the impact of the upcoming change in NZ trust law arising from the new Trusts Bill that will clarify trustees' obligations, particularly to beneficiaries. The new legislation should take effect next year and has some significant requirements for trustees around the **provision of trust information to beneficiaries**. The Bill is still in draft form, so there may be changes before it becomes law. We'll be following progress closely.

## WELL BUGGER ME !!

Readers may be interested to know that "**blasphemy**" is still a legal offence in NZ after a motion in Parliament last month to repeal Section 123 of the Crimes Act was lost!



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# Here's Your Chance !!

## Get the Xero Skills You Need

To help our clients get off to the best possible start with using the Xero software in their businesses we're offering a number of cost-effective training sessions to be held in our Te Aroha office.

There are three different 2-hour courses available and we'll be running one of these each month for at least the next year. A description of each course is outlined below and they are exceptional value at \$30 per head.



### INSIGHT INTO INVOICING

Friday 14 July

- Sales, purchase & reconciliations
- Branding your invoices
- Managing part/over payments
- Loading bills - why/why not?
- Correcting mistakes on invoices & payments
- Credit notes/refunding & offsetting
- Creating & using batch payments

### UNDERSTANDING PAYROLL

Thursday 31 Aug

- Setting up employees
- Processing pay runs
- Leave - annual, statutory & sick
- Average daily pay vs relevant daily pay
- Importance of days paid in pay run
- Filing online via MyIR

### INTRO TO XERO

Friday 22 Sep

- Introducing Xero
- Bank feeds
- Reconciling
- Cash coding
- Bank rules
- GST return filing

**Contact us to book your place !**

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# Things to Think About

## Hands Up for Tax Cuts!

The latest budget included cuts to personal income tax in New Zealand from April 2018. While the rates themselves have not changed, the income levels at which the higher rates apply have increased. The result is tax cuts for all taxpayers with annual income greater than \$14,000. The **maximum cut of \$20 per week** will be available to taxpayers with annual income of \$52,000 or more.

While no-one will be complaining about income tax cuts, it can be a challenging time for accountants. We've seen steady tax rates for many years and this has helped simplify tax planning and strategic discussions with clients. Of course, with a possible change of government later this year the current changes may be short-lived!



## Is the Farm House Still an Office ?

Inland Revenue has issued revised guidelines on income tax deductions relating to the use of farm houses as offices for a farming business. We've summarised these below.

Previously Inland Revenue has allowed a standard 25% deduction for farm house expenses and a full deduction for interest and rates. From the start of the 2017/18 year there will be different treatments for what are now defined as "Type 1" and "Type 2" farmers.



**Type 1** farmers include sole traders and partnerships where the value of the house is 20% or less of the total value of the farm. Type 1 farmers can claim an automatic deduction for 20% of the house expenses and 100% of the interest and rates.

**Type 2** farmers are those operators where the value of the house is more than 20% of the value of the farm. A "home office" calculation will be required to determine the percentage of the house used as an office. Any claim for expenses, interest and rates will be limited to this percentage.



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# End of the Year Again

## Herd Scheme Values Rise

The 2017 National Average Market Value (Herd Scheme) figures were released in mid-May. There are increases for cattle, sheep and deer, with goat values falling slightly. The changes in values for some common classes of livestock are shown in the table below.

	2017 (\$)	2016 (\$)	% change
Mixed Age Cows (Dairy)	1,649	1,356	+21.6
Rising 2 Year Heifers (Dairy)	1,421	1,077	+31.9
Rising 1 Year Heifers (Dairy)	819	530	+54.5
Mixed Age Cows (Beef)	1,431	1,273	+12.4
Mixed Age Ewes	131	117	+12.0
Milking Goats	400	420	-4.8



We've recently sent our annual questionnaires to all May balance date clients and we'd appreciate you completing the details of livestock on hand as at 31 May and providing these to us as soon as you can.

**"Farming looks mighty easy when your plough is a pencil and you're a thousand miles from the cornfield"**

Dwight David Eisenhower

## Give Me Some P (NOT)

We've had a recent case where a farm owner client discovered that their farm cottage was contaminated with methamphetamine (the dreaded "P") **after** the farm employee vacated the premises at the end of May.

It's not just the cost of decontaminating the property that has been a problem, it's also the fact that in this case the farm owner needed to move out of their own house so the new worker had somewhere to live until the problem was solved!



This clearly won't happen in every case, but our client has suggested that farm owners should have their staff dwellings checked for contamination **before** the employee has left. A great idea!

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# Staff Happenings

## Here's Cindi !

It's a warm welcome to our newest Morrinsville staff member **Cindi O'Sullivan**. A Te Aroha resident, Cindi joins Tony's team as an Intermediate Client Account Manager and is excited about her new role.

Cindi comes to us from KPMG in Hamilton and is in the final stages of her Bachelor in Applied Management majoring in Accounting. She is keen to start work on her Chartered Accountant (CA) qualification in 2018 after completing her exams in June and an industry project later this year.



Outside the office, Cindi is a keen gym-goer and regularly tackles the crossfit sessions in Te Aroha. She's also looking forward to a planned 5-week Top Deck trip across the US at the end of this year, a reward to herself for four years of hard study!

## A Rally Good Day !

A beautiful sunny day in Mid-May saw the running of the annual Diprose Miller Social Club car rally. Eight teams took part in this event, organised by Te Aroha staff member **Murray Whittaker**.

The winning team was "Shazza's Shooters" with staff members **Sharon Lawson**, **Kassie Thomas** and **Lisa Reid** from the Morrinsville office. The rally route started in and around Morrinsville before taking our drivers and their passengers through the less-travelled roads to the point at Ngaruawahia and back to the Willow Glen function centre in Gordonton for lunch.

It's a lot of work for Murray, but he's up to the task. This event has been running for a few years now, with the winner's trophy a much-desired collection piece.



And who knows, maybe next year the Te Aroha staff may finally snatch it back?

**"A leader takes people where they want to go. A great leader takes people where they don't want to go, but need to be."**

Rosalynn Carter

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# We Never Stop Learning

## Feeding a Director's Brain

Morrinsville director **Nigel McWilliam** continues to grow his impressive resume after recently completing his **Certificate in Nutrient Management** at Massey University. Nigel believes that, as accountants, we need to understand how legislation around water quality impacts farming policies and the viability of farming systems which ultimately underpin property values and client wealth.

The course has provided Nigel with this understanding and he plans to use his knowledge to assist clients with assessing methods for sustainable phosphate and nitrogen application and effluent management. We are now looking at developing our client reporting to capture fertiliser and feed quantities for nutrient budgeting purposes.



Nigel passed with a “B” grade and a score of 68%. He was the only accountant on the course, with other attendees being fertiliser representatives, farmers, farm consultants, Fonterra staff and regional council members. And as a handy “bonus” Nigel tells us he now has the best lawn in Morrinsville!

## The World's a Big Place !!

### The 3 Largest Countries by Population

**CHINA** 1,386,661,705

**INDIA** 1,338,324,436

**USA** 325,847,198

Together they make up 40% of the world's population

Japan has the oldest population, with 25% aged over 65 years

Qatar & UAE has the youngest population, with 1% aged over 65 years

There are 4.5 births every second

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# Staff Happenings

## Beverley Quits the Big Smoke

**Beverley David** joins the Te Aroha office as part of Jeanette's team. She's a qualified **Chartered Accountant** with a varied background in the corporate field, most recently with DHL in Auckland. She tells us that one of the best things about working at Diprose Miller is that she gets to go home and see her family at the end of the day. She's also pretty keen on the 10-minute commute to work!



So it's fair to say that Beverley is making the most of living in a small town. When not working, Beverley enjoys spending time on her "toy farm" near Waitoa where she and partner Dwayne breed pedigree cattle and run beef stock. She has two daughters aged 3 years and 6 months who keep her very busy when she's not at the office or on the farm!

## Deena Does Good

Morrinsville staff member **Deena Hobbs** is enjoying a break after gaining **Associate Chartered Accountant (ACA)** status with our professional body, Chartered Accountants Australia New Zealand.

Deena completed her Bachelor of Business Studies through Wintec in 2016 before undertaking the ACA program. Director **Nigel McWilliam** was her official mentor for the process and he was proud to be able to sign off her final application. Our **congratulations** to Deena for her effort and dedication.



## No Computers? Off to Town!

Earlier this month we closed the office for a day so that our new network servers could be installed, creating an opportunity for directors and staff to head over to Hamilton for a team building exercise.



This involved two sessions during which everyone was split into groups. One session was held at "Confinement" with the challenge of finding clues to escape a locked room. The second session was a frantic scavenger hunt around central Hamilton that was a well-needed physical workout for us "deskies"!

# The Last Word from "40-Boy"

We decided to let our "Man of the Year" Murray Whittaker have the final word in this edition and asked him for some special moments from his 40-year (and counting) career with Diprose Miller Ltd.

He told us he is forever grateful to Kelly Diprose and Mick Lally for taking him under their wings to help him save for a deposit on his first (and only) home. And on a lighter note, he recalls Mick scoffing at the perils of new technology when the office purchased its first fax machine. "What's wrong with using the Post Office?" was Mick's response!



## STAFF EXTENSION PHONE LIST



**TOLL FREE  
0800 888 055**

### Te Aroha

**(07) 884 8055**

Angela Millward	816	Eric Russell	820	Leanne Baird	837
Angela Young	819	Erica Rigter	823	Lyn Miller	0
Anthony Gray	805	Erin Morgan	817	Megan Farac	800
Barbara Jenkins	862	Gail Brown	802	Michelle Way	858
Beverley David	832	Grant Glover	895	Murray Whittaker	829
Chelsea Grace	814	Joann O'Donoghue	813	Phillip Legg	821
Damien Waitai	865	Judith Borrie	804	Robyn Stewart	827
Deborah Young	831	Kathy Reily	866	Sharon Coombe	859
Diane Cooper	899	Keri Allen	815	Steven Eccles	835
Ed Wagstaff	864	Kerry Jacobs	830	Wendy Gwynne	803
Ellie O'Donoghue	868	Kylee Elgar	839	Yvonne Avery	856

### Morrinsville

**(07) 889 1018**

Andrew Pullon	731	Jennie Cushen	736	Nikki Brown	709
Ann-Marie Sutherland	728	Jo Walton	708	Sandra Green	710
Cindi O'Sullivan	711	Joy Craig	727	Sasha Belskaya	714
Dan Howard	733	Kassie Thomas	705	Sharon Lawson	729
Deena Hobbs	703	Kayla Jeffrey	723	Simon Germann	725
Etana Zaguri	730	Linda Harding	722	Tonya Whitten	702
Harjot Singh	724	Lisa Reid	700		