

Winter 2019



Directors (L to R) Darren Diprose, Sharon Coombe, Keith Miller, Jeanette Clubb and Ed Wagstaff enjoy a photo break

A New Office !!

The opening of our new Morrinsville office is a very exciting time for us. Inside this edition of The Abacus we'll introduce you to the new premises, provide comments and brief advice on topical issues and let you know what's been happening around the office since the last edition

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

Terri Guillemets

THE OFFICIAL NEWSLETTER OF

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EDITORIAL



It's been quite a "tumultuous" period for the firm since our last edition. We have worked through the split with our former Morrinsville colleagues and, from a personal perspective, I am much more relaxed about our new structure.

I'd like to welcome Sharon Coombe and Ed Wagstaff to our team of directors. Both have been with the firm for some time and, as most of you will know, I work very closely with Sharon.



The other big news is that Jeanette's team is relocating to our new Morrinsville office. We were never comfortable about losing our presence in Morrinsville when our colleagues moved on, so when Jeanette made the suggestion that she move her team there I was quick to agree. Now we just need to complete a "re-shuffle" of some staff around the Te Aroha office.

On a work front, we have made a very good start to the year. My team completed the switch to the Xero software later than the other directors, so we played a bit of "catch-up" last year. However, this year is going well from a workflow point of view.

There's a fair bit of pressure out there from the banks. Their close scrutiny of clients' performance has been well-publicised in the media and is certainly evident to us. Where there are problems for clients, we are looking to provide annual financial statements, budgets and cash flow forecasts quickly to assist with planning and minimise the stress levels for all concerned.

A positive attitude may not solve all your problems, but it will annoy enough people to make it worth the effort.

Fortunately, I'm told it's been a great Winter for our farming community, with very few major weather issues. For our tradies and business clients, the slowdown predicted in the media hasn't reached the rural sector yet and profits remain strong.

I've covered a fair bit of ground with this editorial, so I'll sign off and look forward to catching up in the next few months. Not long now and Spring will be on us!

Cheers, KB



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Keeping You Up to Date

New Morrinsville Premises

As a result of the departure of the former Diprose Miller Morrinsville directors and staff, we are pleased to confirm the establishment of a permanent office presence in Morrinsville.

Our new Morrinsville office will be located on Thames Street, next to JJ's Burger Bar. Director **Jeanette Clubb** will be based permanently in the Morrinsville office, together with six accounting and support staff.



The new premises are now open for business, although we're still putting some final touches to both the exterior and interior. We've had some delays dealing with "red tape", but they're now sorted and the Morrinsville team are excited about moving in.

Now that the new office is operational, we'll have a daily transfer of documents and papers between Te Aroha and Morrinsville. This gives clients a choice of delivery for their accounting and related records. There will also be free Wi-fi available for clients during opening hours. We're planning both an "Open Day" where clients can call in and take a tour of the premises, plus a more formal "office-warming" to officially get things underway.

What do you call an accountant who always works through lunch, takes two days holiday every two years, is in the office every weekend, and leaves every night after 10pm?

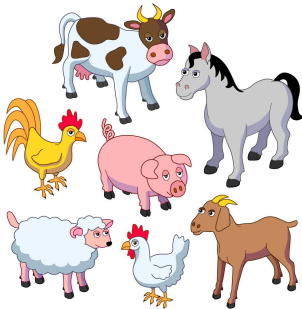
Lazy.

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Rural Developments

Herd Scheme “Steady As She Goes”

The 2019 Herd Scheme (National Average Market Value) livestock figures were released toward the end of May. Values are very similar to 2018 across all livestock classes, with dairy and beef cattle generally rising slightly. Sheep, deer and goat values have dropped, but not significantly.



Mixed age dairy cows are valued at \$1,529, beef cows at \$1,497, ewes at \$160 and milking goats at \$301.

Not surprisingly, National Standard Cost (NSC) figures for 2019 are also very similar to those for 2018. As a result, unless overall livestock numbers are changing we do not expect any significant tax issues for clients based on these numbers.

Farmers Are Landlords Too

There's been a good deal of publicity recently about changes to legislation governing residential tenancy agreements.

We'd like to remind our farming clients that many obligations applying to residential landlords also apply to any dwellings on the farm property, regardless of whether the dwelling is occupied by a farm worker, independent tenant, or sharemilker.

This includes the minimum insulation requirements that came into effect on 1 July 2019.



**To err is human.
To blame it on someone else
shows management potential.**

Milk Those Sheep !!

We've had some contact from a NZ sheep milk processor who is keen to know whether any of our clients are interested in converting from milking cows to milking sheep. The figures we've seen are encouraging, showing sheep as a viable alternative to cows from both a financial and non-financial perspective, especially for smaller farms. If you are interested in finding out more, please contact your Diprose Miller advisor.

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Things You Need to Know

Check Emails for Tax Payments Due



We mentioned in the last edition that we are now sending income tax payment advice notices to clients via email rather than post. This is the most effective way for us to advise clients of income tax payments that are due. Standard “snail mail” is proving to be increasingly more unreliable and delayed, and the email option ensures that we know the advice has been properly (and instantly) delivered.

However, clients need to make sure that they **check all emails received from our tax staff** (Robyn Stewart and Kylee Elgar) and action the payments required. If the email is ignored, and the payment is missed, penalties and interest charges will likely apply.

Clients that do **not** wish to receive their tax advice notices via email can contact our office to request that the postal option be reinstated.



New Zealand Post



A Valuable Service for Clients

The Complimentary Client Review

We only meet face-to-face with many of our clients once a year, at the review of the annual draft financial statements. In these sessions the focus is usually on dealing with any queries that have arisen during the preparation of the draft statements and discussing and confirming the income tax position resulting from the year's activities.

From time to time the discussion will include other matters of benefit to the client, but these are generally on an “ad-hoc” basis and not part of a structured review.

We have recently introduced our “**Complimentary Client Review**” process. This session focuses not on historical performance and tax issues, but on the client's plans for the future. We discuss financial and non-financial goals, strategies for achieving these, and how to overcome obstacles that might get in the way of success.

You'll find more information in the **enclosed** flyer. There is **no charge** for the review session, which typically takes an hour to complete. For us, it's been very interesting to see issues arising from the sessions that would not be raised at the annual “tax” meeting.

Contact your Advisor for more details

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Ed's Thinkin' . . .



New director **Ed Wagstaff** will be providing a regular column over the coming editions. In this edition, we introduce you to Ed and hear his advice on avoiding a common problem that we're starting to see. Ed's also heavily involved with our new client advisory processes, including our "Complimentary Client Review" sessions.

If You Haven't Met Him . . .

Ed joined us in 2015 from an auditing background with KPMG. Since then, he has taken a leadership role and been instrumental in the implementation of farming and non-farming planning software for clients. Ed lives in Te Aroha with his wife Hayley and their young daughter. He's a keen sportsman and especially enjoys a round of golf when he can fit it into his busy schedule.

Get Those PIRs Right or Pay Up !!

Banks and investment managers are now providing Inland Revenue directly with details of income earned on investments, especially Kiwisaver portfolios. Many of these investments include **PIEs**, or **Portfolio Investment Entities**, that provide a concessionary tax rate on investment income.

Investors are required to nominate a **Prescribed Investor Rate (PIR)** that determines the amount of income tax paid on the investment. If the correct rate is chosen (there are specific rules that must be applied) then the income does **not** need to be included in the investor's income tax return and the concessionary tax rate applies.

However, if an individual investor selects a rate that is too low, the PIE income must be included in the income tax return and the concessionary tax rate effectively disappears. We have already seen evidence of Inland Revenue automatically detecting an incorrect PIR and sending a demand for payment to the investor!

PIRs are also required for trusts who invest in a PIE, but the rules are more complicated, as the trustees have an option to adopt a lower PIR if they plan to allocate the income to beneficiaries. Companies have a compulsory 0% PIR rate and any PIE income must be included in the income tax return.

This issue is becoming more relevant as Kiwisaver portfolios increase in value. Don't hesitate to **contact us to assist** with determining your correct PIR - it's too important to get wrong!

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Sharon Says

New director **Sharon Coombe** will be also providing a regular column in future editions. In this edition, we introduce you to Sharon and hear her thoughts on forecasting as a useful tool for business success. She's a bit of an expert on the planning tools we have available for clients to develop forecasts for their businesses, both farming and commercial.



If You Haven't Met Her . . .

Sharon's been with us since way back in 1997, except for a few years out between 2000 and 2003 to try her hand at dairy farming with husband Allister. She's worked hard over that time to obtain her accounting qualifications while working full-time and raising her young family. It's fair to say that she was very relieved when she gained her Certificate of Public Practice in February this year.

Sharon and Allister live in Te Aroha with their two daughters. She's very involved in the local community, with a role on her local school Board of Trustees and a position as Treasurer of the local netball association. So she's a very busy lady!

Know Where You're Going !!

Here at Diprose Miller we're noticing a definite trend for a much greater number of farming clients needing assistance with budgeting and forecasting. While this is often in response to a request from the client's bank, more clients are telling us that they are looking for a more systematic (and simple) way to control their cash flow and capital spending more carefully.



Figured

Our primary tool for assisting farming clients with planning is the Figured cloud-based software. This product not only allows us to prepare budgets but also simplifies the process of comparing performance against budget thanks to its real-time link with the Xero accounting software.

Although the process requires some investment in time by the client to learn to work with the Figured software, once they "get the hang of it" there's generally no stopping them. An important feature of Figured is a real-time livestock tracker that allows clients to monitor all movements of livestock on the farm, including sales, purchases, deaths and natural increases. Another popular feature is an automatic link that updates forecasts when dairy company payout announcements are made.

Get the advice that counts!

HR & Payroll News

“Onboarding” New Staff

In the increasingly regulated employment sector it is becoming very important for all employers to put in place appropriate procedures to ensure that new staff receive the right introduction to the business to ease the transition into their new role.

This process is known as “onboarding” and can be critical in making sure that a new employee has enough training and support to feel welcome and valued in the workplace. Key components of the process include introductions to other staff, policies and procedures, workplace safety, team meetings and facilities available.



Onboarding is something that should continue through the first few months and include opportunities for regular reviews and support.

Minimum Wage & “Top-Ups”

A reminder to employers that where an employee is required to work variable hours within any fortnightly period, they must be paid at least the minimum wage of \$17.70 per hour for the actual time they have worked. This is necessary even if the employee is on salary and works reduced hours for other fortnightly periods.

If the minimum wage requirement is not met, an additional “top-up” payment must be made in relation to that fortnightly period.

If not correctly applied, this concept can often create issues for employers with salaried staff, especially those in the rural workplace.

Check Your Rental Property Insurance

It's come to our attention recently that some insurance companies require landlords to conduct formal inspections of their residential rental properties on a regular basis to maintain their cover for certain claims.



We have heard of damages claims for rental properties being turned down by an insurance company because the landlord did not conduct and document inspections within the minimum frequency required by the policy.

This may not be an issue for those landlords using an independent property manager, but those who do not may be well-advised to check their insurance policy to clarify their obligations.

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Staff Happenings

Megan Comes On Board

It's a warm welcome to one of our two new staff members, **Megan Johns**, who joins Jeanette's team as a Client Account Manager. As she lives in Morrinsville, Megan will be relocating to our new Morrinsville office once this is up and running in the next month.



Megan holds a Diploma in Business from Wintec and has Accounting Technician (AT) status with CAANZ, our professional governing body. She has over 10 years experience in the chartered accounting environment. Growing up on a farm, she has a special interest in all forms of rural accounting.

Megan has two children in their late teens. She's heavily involved in their busy sporting schedules, both with her son on the rugby field and her daughter who is a NZ representative in lacrosse. So it's a pretty hectic life for her, with regular sporting trips throughout NZ and overseas.

Another Farming Expert

Born and raised on the family dairy farm at Eureka, **Sarena Kung** joins Keith Miller's accounting team as a Client Account Manager.

Sarena graduated from Waikato University with a Bachelor of Management Studies majoring in accounting.

She now farms with husband George, who was born and raised in the Hauraki Plains, and is looking forward to getting to know our clients and the rest of the Diprose Miller team.



Before joining us, Sarena was on maternity leave, spending time with their baby daughter, who keeps both Mum and Dad entertained. When not in the office, Sarena enjoys spending time with her family, baking, shopping and travelling.

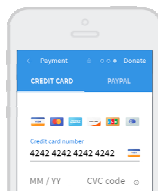
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Some Bits & Pieces

Donate “As You Go”

Inland Revenue's myIR service has a new feature that allows taxpayers to upload donation receipts as they are received during the year. The donation rebate will then be automatically calculated once the relevant year-end income tax return is filed.

This will allow Inland Revenue to properly review the donation documentation before releasing the rebate. Receipts can now be uploaded for the 2020 year. It will still be possible for taxpayers to file their donation rebate claims with their income tax return after the end of the year. Makes good sense to us !



Company Annual Returns



Clients with companies may have noticed that we are now using an online system for filing annual company returns. Previously, we physically posted an extract from the Companies Office for the client to review and sign, then manually filed the annual return on the client's behalf.

We are now using a new cloud-based software product to manage our client companies. When an annual company return is due, the client will receive an email from us with a link that sends them to the Companies Office website to review the key company information. The client electronically confirms the details which then allows the annual return process to be automatically completed.

**Today a man knocked on my door and asked for a small donation towards the local swimming pool.
I gave him a glass of water.**

Re-registering Charities

Until recently, charities that had been de-registered with Charities Services needed to be issued with a new CC number and go through the complete registration process again if they wanted to be re-registered.



Charities Services have now added an option for de-registered charities to re-apply for registration. This significantly simplifies the process and allows the charity to use the same CC number.

Get the advice that counts !

Staff Happenings

Surely He's Not 60 !!

In our last edition of The Abacus we talked about Murray Whittaker's new house. Of course, we're still waiting for the housewarming invitations that will probably never come.

But while we're waiting, the great man has clocked up another milestone with his 60th birthday held at the Te Aroha RSA. Many of his family members travelled for the event, with appearances by many local identities, a bunch of loyal workmates and the girls from the local football team he manages.



Later in the evening Murray treated us to a few karaoke numbers, accompanied by his uncle Terry on the spoons. Overall, a great night, with Murray being very generous with the bar tab and the supper.

"We all get heavier as we get older because there's a lot more information in our heads. I'm just really intelligent and my head couldn't hold any more, so I started filling up the rest of my body."

Murray Whittaker

Social Club Cranks Up

We've traditionally had a very active Social Club operating here at Diprose Miller, but during the first half of this year things have been pretty quiet. However, our hard-working committee have put together a number of events to be held between now and Christmas.



Things kicked off last week with a visit to the Te Aroha Little Theatre to view their latest production, "Relatively Speaking", in which staff member **Anthony Gray** played a leading role. **Murray Whittaker** also had a challenging job as the "Props Boy". This role kept him busy making toast, preparing tea and coffee, and pouring wine as the scenes progressed. A good effort!

Future activities include ten-pin bowling and a trip to the Redwood Forest Tree Walk in Rotorua. And, of course, we'll have a bit of a get-together to celebrate the opening of our Morrinsville office!

One Final Word...

IRD Scams Growing

We're seeing clients receiving more and more malicious emails that appear to be from Inland Revenue, but are an attempt to secure bank account details for fraudulent purposes.

We recommend that clients only communicate with Inland Revenue via the myIR service, rather than directly via email. If you are not sure whether an email request is genuine, please **check with us first**.

**SCAM
ALERT**
DON'T BE FOOLED

"I've learned that you need to make careful choices because everything has an impact. I've also learned that you can't please everyone in life, so please yourself and figure out what really matters."

Gretchen Bleiler



Te Aroha Office Extensions

Angela Millward	816	Grant Glover	895	Murray Whittaker	829
Angela Young	866	Janece Thomson	807	Nakita McNab	812
Anthony Gray	805	Joanne Scherer	849	Nicole Robinson	811
Barbara Jenkins	862	Keri Allen	815	Rae Brus	1
Damien Waitai	865	Kylee Elgar	839	Rebecca Fox	820
Deborah Young	831	Leanne Judkins	837	Robyn Stewart	827
Diane Cooper	899	Linda Keeyes	814	Sarena Kung	860
Ed Wagstaff	864	Lyn Miller	878	Sharon Coombe	859
Ellie O'Donoghue	868	Megan Farac	800	Steven Eccles	835
Erica Rigter	823	Megan Johns	819	Yvonne Avery	856
Gail Brown	802	Melissa Slattery	821		