



Beyond the Farm Gate – Summer 2019



BROWN GLASSFORD AND CO LTD

Your Focus : Your Business...

Our Focus : Your Business...

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*Directors & Staff would like to take this opportunity to wish you all a very Merry Christmas and Safe & Happy New Year and look forward to working with you all again in 2020! Please note our office will close at 5:00pm on **Friday 20th December 2019** and reopen at 8:30am on **Monday 13th January 2020**.*

KEY TAX DATES COMING UP

15 January 2020

2nd instalment of 2020 provisional tax for March balance date taxpayers. **If you believe you have tax payment coming up, please check your email inbox for your tax letter.**

IRD UPDATES

Provisional & PAYE Tax Payments – A reminder to try and make all tax payments on time as clients who are making late payments will automatically fall out of the Safe Harbour rules and be subject to Use of Money Interest from the first provisional tax date. Inland Revenue have also advised they will be charging an immediate \$250 penalty for any PAYE Returns filed late.

PIR – Inland Revenue are currently sending out letters to some clients advising they may be using an incorrect Prescribed Investor Rate (PIR). For those clients whom we are receiving these letters for, we will calculate the correct rate you should be using and advise you accordingly.

MyIR Electronic Correspondence – The majority of Inland Revenue's correspondence is now being sent electronically so it's important if you do receive an email notification, to open this and see what it relates to as it may be concerning the late filing of a GST or PAYE Return or another issue which you need to follow up on if you prepare your own GST, PAYE, etc.

IRD Moving on From Cheques - Due to the declining use of cheques as a method of payment, from **1 March 2020** IRD will no longer accept cheque payments from customers who have other payment options available. Taxpayers who have a tax agent will be considered able to use other payment options as we can arrange payment through myIR on your behalf. Alternative payment options can be found [here](#).

2019 ACCOUNTING RECORDS

Just a reminder for those clients who have not yet sent us their year end financial information, if you could please try and get this in before Christmas, we can then make a start on your work in the New Year.

STAFF NEWS

Diana George joined Brown Glassford in July and has recently completed her Bachelor of Business (Accounting). Diana will be working alongside Angela in a new role Bookkeeping and Payroll service which looks after clients PAYE, payroll and payment of monthly invoices. When not at work, Diana enjoys spending time with her husband and two children, travelling, cooking and being part of the greater community.

Keren Thompson joined us as an accountant in September. Keren has been working in CA firms since 1989 in the Bay of Plenty and enjoys the farming aspect particularly. Keren has 3 children and lives with her partner in Rolleston.

Sonia Brown joins us in the role of Accounting Services Manager. She brings with her over 10 years of experience working with a large variety of clients and is looking forward to building on her farm accounting knowledge. Outside of the office she is kept busy by her two children.

Shantilli Grant has just joined our team last week, replacing **Nicola French**. Shantilli hails originally from Tauranga where her family had a sheep & beef farm. She is enjoying living in Christchurch with her 2 young sons who keep her very busy.

We would like to thank Nicola for her contributions to Brown Glassford over past three years and wish her well in her new endeavors.

BG INVOICES & STATEMENTS

We are now going to be sending our monthly statements a couple of days after we send out our invoices. We used to send the statements out at the end of the month but by changing this to the beginning of the month after invoices have been sent out, clients can then see current and overdue invoices due on the 20th of the month. Payment date is still the same – due on the 20th of the month following the date of the invoice.



XERO – MENTAL HEALTH INITIATIVE

Some of our staff recently attended the 2019 Xero Roadshow where they launched a new initiative for all Xero users – The Xero Assistance Programme (XAP) for small business wellbeing. The programme is expertly run by a world leader in mental health, Benestar. XAP gives you access to face to face, telephone or online counselling in a way which suits you which can help in all aspects of life; physical, mental, social and financial. Xero subscribers on a starter, standard or premium plan are eligible for 3 free sessions per issue through this service. Visit xero.com for more details or how to become a Xero subscriber.

BOOKKEEPING & PAYROLL SERVICES

With the introduction of Payday Filing, Brown Glassford are now offering a new Bookkeeping and Payroll service for clients. As mentioned above, Diana and Angela look after this service and can assist clients with their PAYE, payroll and payment of monthly invoices. If you are interested in utilising this service please contact us to discuss further.

EMPLOYMENT LAW

There has been a recent prosecution of NZ Mountain Hunting and the company director who were fined just over \$80k for poor record keeping. A former employee complained staff were required to work an average of 12 hrs per day for a flat rate of \$150/day (less than minimum wage). MBIE requested the usual employee records, including employment agreements, wage, time and holiday/leave records, but the employer could not provide much of this. The failure to keep proper records meant that the labour inspectorate could not calculate if money was owing to the employees. MBIE said *“it’s unbelievable that after 25 years in business, the employer took no steps to set up compliant systems.”* Fines imposed were \$55k for the company and \$27,500 for the director. This could easily have been avoided by using some of the good accounting software which is available and the recommendation made by an Employment Lawyer is to leave DIY payroll alone – especially given the potential costs of getting it wrong.

BENEFITS OF USING TWO STEP AUTHENTICATION

Two Step Authentication (2SA) is a method of confirming a user’s identity by using two or more identification factors when logging into your account - an authentication code as well as your email address and password. The authentication code is generated by an app which can be installed on your smartphone or computer, and the code is refreshed every thirty seconds. This provides an extra layer of security against phishing and other scams and reduces the risk of cybercriminals gaining access to your account. We recommend setting this up for all Xero and Figured logins. If you would like to read more about this, please [follow this link](#) or contact us and we can talk you through how to set it up.

BG SCHOLARSHIP

A reminder we have a scholarship available for students entering their second year of study at Lincoln University. The scholarship was established to provide financial assistance to talented students undertaking studies which will lead to a career in Farm Accounting. The Details and application form are available on our [website here](#). Applications to be in no later than **15th March** each year.

LIVESTOCK RECONCILIATIONS

Accurate stock reconciliations are an integral part of your farming business. You cannot accurately work out the profit in your business without it, and they are the basis for key financial and production KPIs such as gross farm revenue, returns & expenditure per SU, and deaths and calving/lambing %’s. Budgets and forecasts can also be more accurately monitored and can help with livestock and financial planning decision making.

A working stock reconciliation in combination with financial management software is the best way to help achieve an accurate reconciliation, and also provide a more accurate and timely picture of your business at any point in time for reporting to banks and advisors, and most of all yourselves.

Cashmanager and Figured (Xero) are the most commonly used financial management software used by our clients, both of which have stock reconciliation functions. These can be reviewed during the year and checked against other key farm operations for reasonableness such as tailing, shearing, mating and scanning, LIC minda reports and when stock are being sent away for grazing. Coding of transactions is an area in which the majority of errors arise with stock reconciliations. The general rule of thumb is to use the code for which the animals opened at the start of the financial year. This may be different to what the animal is referred to on farm but the on farm name can be entered into any description and comments sections of your financial management software.

A couple of good examples are as follows:

When lambs are carried over at balance date they are recorded as hoggets, yet they are still referred to as lambs on the kill sheets from processors in the months after balance date, sometimes up to half way through the new financial year depending on when your livestock was mated. These should be coded as hogget sales not lambs as that was what they were at the start of the financial year. Miscoding of hogget sales as lambs impacts both deaths & missing and lambing %.

18 -20 month old Cattle sold around March/April also generate a bit of confusion as they are now rising 2 year old cattle, however these also should be recorded as rising 1 year cattle sales as this is what they were recorded as at the start of the financial year - again noting in the description/comments section that they are 18-20 months old as they would be referred to on farm

All livestock in your farm business will age up at the end of your financial year, regardless of when they were born, (except mature breeding stock), i.e. a heifer calf born in October will be a rising 1 year heifer at balance date, and lambs will age up to hogget’s.

So, remember to ask **“What were the animals recorded as at the start of the financial year?”**

If you have any queries regarding coding, or would like us to help to set up your opening stock classes in your financial management software, please do not hesitate to contact us.