

THE BALANCESHEET

Winter 2015

A flourishing career in the making

We are absolutely delighted that **Sean Wheat** of our Morrinsville office has achieved the Chartered Accountants Australia New Zealand award for Top Bachelor of Business Studies Student, Accounting Year 1. Sean joined the team at CooperAitken in May 2013, as a junior accountant. He started studying for his degree in February the following year. With his family, Sean attended a Special Awards Ceremony in March where Natalie Faidley from Chartered

Accountants Australia New Zealand presented him with a certificate acknowledging Sean as a top performing student, recognising his hard work and commitment to learning. She said, "Sean works with quiet determination and has a real eye for detail. He is held in high regard by his peers as a problem solver." At the ceremony Sean thanked his family, tutors and CooperAitken for



their support. Sean is continuing his studies to become a Chartered Accountant.

Email is preferred

We do prefer to communicate with you using email. If we do not have your email address (or it has changed) please contact our receptionist, Vicki, by phone (07 889-7153) or email vicki@cooperaitken.co.nz.



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The legal stuff

All information in this newsletter is to the best of the authors knowledge true and accurate. No liability is assumed by the authors, or publishers, for any losses suffered by any person relying directly or indirectly upon this newsletter. It is recommended that clients should consult a senior representative of the firm before acting upon this information.

Herd of cows unveiled

The Herd of Cows was unveiled at the Wallace Art Gallery in March. Our cow, Freedom, has been decorated with an abstract design by Christine Melchior using our brand colours to reflect our vibrancy and energy. Freedom is now positioned outside the i-SITE building in Thames Street.

The project has been a great way to combine two key aspects for Morrinsville - a strong dairying heritage and the town's growing art culture. The cows are now permanently placed in their final



resting positions throughout the streets of Morrinsville. Follow the trail and check out these quirky, colourful, life-sized cows. A further 15 cows have been sponsored and will become part of the trail in September.

Team News



Happy Retirement

Gaylene Walls farewells CooperAitken after 30 years

Initially employed by Bob Aitken in 1984, Gaylene recently retired from her role as accounting clerk at CooperAitken.

In contrast to the formality of today's employment process, no interview was needed, just a meeting to see if Gaylene liked the Aitken team enough to work with them. In fact, she liked them so much that she stayed for 30 years! Gaylene has many fond memories and has seen many changes during this time.

At her farewell Rodney Aitken thanked Gaylene for her dedication, loyalty and help over the years. Gaylene in turn thanked all those she has worked with, with special mention of Rodney and Janet Pitkethley, Rodney's client manager, for putting up with her over the 30 years, and thanked those who had helped her get to grips with the on-going technology challenge.

Gaylene, who will be missed by both the team and clients, is looking forward to an overseas trip and spending more time with her grandchildren.

Achievement

John Brosnan, our HR advisor, has received certification from the New Zealand Institute of Primary Industry Management (NZIPIM).

As your farm team is key to productivity and business growth on the farm, farmers can be confident that we have a certified consultant available with the ability to address the full range of people-management issues and improve the way farmers manage their staff, gaining staff engagement and retention.

If you would like help with a staff matter, please contact John Brosnan 07 889 8838



St Patrick's Day

The team got behind St Patricks Day, dressing in green



It's a girl

Congratulations to CooperAitken director, **Peter Hexter**, and wife Vanessa on the arrival of their baby girl, Summer Claire Hexter.



Left to right: Mitchell, Megan, Catherine and Sarah.

New team members

In March, **Catherine Ferris** started in our tax division bringing 20 years of tax administration experience with her. In April, **Mitchell Arndell** and **Sarah Bedford** started as trainee accountants in our Morrinsville office. Also we have appointed **Megan Shannon** as our software support co-ordinator to assist our clients with their accounting software.

Changing faces at Triplejump

We launched Triplejump, our risk management service, over two years ago, having identified that this would be beneficial to our clients, with a product that we strongly believe in.

We have now transferred the service to Triplejump Manawatu one of the largest Triplejump franchises. We believe our clients will be well served by Triplejump Manawatu which was established in 2010. Currently with seven staff, they have been working alongside businesses and farmers throughout the country, with a strong presence covering the area from Wellington to Waikato. Steven Radich is the Managing Director and is an authorised Financial Adviser. Steven is passionate about risk management and has extensive knowledge of this industry and will continue to assist our clients in the area of risk management protection.

Importance of on-going Trust Management



Clients establish trusts for various reasons; to provide protection against creditors or relationship property claims, or for succession planning purposes. These are all good reasons to establish a trust, however your trust should be managed and reviewed to ensure the trust structure is providing the intended protection.

Some items to consider:

- **Gifting** – when was the last time your gifting was considered? Often assets are sold to a trust and an initial gift is undertaken. We need to ensure the amounts owing to you by your trust are regularly monitored. If you have continued to pay the mortgage on your house, the principal mortgage repayments will be further advances to the trust. Likewise, if you have put more money into the trust for alterations to the house or investment, these contributions are further advances to the trust. A gifting decision should be considered by you and your Accountant/Lawyer. Any amounts put into the trust are still your personal asset unless gifted, or the loan recalled in the future.
- **Beneficiaries of the Trust** – the trust deed should be regularly reviewed to ensure the beneficiaries of the trust are appropriate. While you are unlikely to be able to change the final beneficiaries, some trust deeds do allow us to add or remove discretionary beneficiaries.
- **Wills** – are these up to date and do they provide for your trust and reflect your current structures?
- **Ongoing Trust Management** – are annual meetings held and all decisions of the trustees recorded in minutes? All trustees should be consulted on each decision of the trustees.
- **Relationship Property** – More and more ways to attack trusts are being heard in the Courts.

- It is important to keep your assets separate and obtain legal advice, perhaps even referring to the trust assets in any contracting out agreement to ensure all parties are clear on what is relationship property and what is separate property.
- If you gift assets to your trust during a relationship to avoid it becoming relationship property, the chances are this could be challenged in the courts.
- Likewise, if a future partner lives in a family home owned by your trust and contributes to the maintenance and improvement of that property, this could be the basis of a claim against the trust in the future.
- On a farm or in a business, contributions by any partner should be recompensed at market rates, i.e. wages paid.

Trust documents should not be gathering dust in your bottom drawer but pulled out and reviewed, discussed and kept up to date throughout the life of the trust to ensure it continues to provide the protection and benefits intended. Do not hesitate to contact us or seek legal advice regarding your trust and its on-going management.

CooperAitken can help with the on-going management of your trust and advise on gifting, etc. We can work with you and your advisors to ensure your trust is working for you and the intended beneficiaries. Contact us for assistance.

Changes with renting a house to farm staff



A farm job often comes with a farm house and the amount the farm worker pays for that accommodation is the PAYE on the rent allowance, the rent allowance being part of his overall salary package.

For example, as a farm employer you may currently rent your 3 bedroom worker accommodation to your employee for \$100 per week. The \$100 pw is the rent allowance which the employee will pay PAYE on. Typically over the last few years the rent allowance has been between \$80 and \$100 pw.

However, this needs to be revisited as the Inland Revenue (IRD) is looking at this area in relation to Fringe Benefit Tax (FBT) which creates issues for farm employers.

So with our example above, if the property actually had an assessed market rental value of \$300 pw the IRD will look at this as a fringe benefit to the value of \$200 pw to the employee.

At a single FBT rate of 49.25% the employer potentially now has FBT of \$5,122.00 per annum to pay. This is just an example, and FBT rates vary along with the employee's income and PAYE rates, but the point is that the rental of the farm property must now be in line with market rates.

With this drive to have properties at market rates, many employment agreements signed this season have a higher rental allowance to reflect the new rental amount. That is quite straight forward with new employees, but bringing existing employees rents and rental allowances in line with current market rates is a little more involved as the salary will also need increasing to offset the increased PAYE and allow the employee to maintain the same net payment in their hand each pay day.



If you would like help amending staff contracts, or with staff management issues contact John Brosnan on 07 889 8838.

Paying us...

You may have noticed that we have less postal mail coming your way.

One step we have taken is no longer automatically sending statements (providing payment is made by the 20th of the month following your invoice). Overdue statements will be emailed whenever possible.

To make it easy for you to pay us on time we have a wide range of payment options available. We appreciate there may be times when paying the full invoice amount in one go may be difficult and we are open to discussing payment methods with you.


Payment options

- **Internet Banking** – our account for internet payments is 12-3123-0002472-51. (Some banks use 3 characters for the last section, in which case it would be 12-3123-0002472-051.) Please use your client code (printed on your invoice) as your reference to ensure it is applied to the correct account.
- **Credit cards** – these can be processed by our receptionist at our office, or you can email payment details

to accounts@cooperaiklen.co.nz.

- **Eftpos / Debit cards** – these can be processed by our receptionist at our office.
- **Automatic Payments** – we can give an estimate of your annual fees so that you can spread the payments over the year. A reconciliation is necessary at year end.
- **Cash / Cheque** – of course these options continue to be acceptable. Please include the remittance advice from your invoice to ensure the payment is credited to the correct account.
- **FeeSmart** – for those who have received an account and need finance to spread the payment, we offer a financing service from feeSmart Finance Ltd. Visit their website www.feesmartdirect.co.nz/ or contact accounts@cooperaiklen.co.nz and we can produce an agreement for you.

Our aim is to make paying us as easy as possible.

 Please contact Jenny on 07 889-8850 if you have any other ideas for improvement in this area, or wish to discuss your options.

Tax Pooling – could this option help you?

It can be difficult to calculate income tax obligations, especially provisional tax which is paid in three equal instalments.


The amount of tax to be paid is based on your estimated profit for the current financial year, and you can easily underpay or overpay the Inland Revenue (IRD).

If you pay your tax late to the IRD they will charge an initial 1% late payment penalty on the day after the tax due date and a further 4% on the seventh day if tax remains unpaid. In addition, if you have underpaid your tax they will charge you interest at 9.21% per annum. If you have overpaid your tax you will only receive 2.63% per annum interest from the IRD, which could be expensive if you are funding payment out of your overdraft.

One option to reduce the cost, resulting in underpaying or overpaying your tax, is to take advantage of Tax Pooling.

Tax Pooling allows taxpayers to trade their tax payments with other taxpayers to ensure everybody wins. Instead of making tax payments directly to the IRD you can deposit funds into a tax pooling

trust account at the IRD, held by an IRD approved intermediary. Once the year-end profit is known, if you have underpaid your tax, you can 'buy' tax to make up the shortfall. Conversely, you can 'sell' your overpaid tax. If you are purchasing tax through Tax Pooling, the tax payment date at the IRD will be backdated to reduce or eliminate any interest or late payment penalties the IRD would normally charge. The main advantage of using Tax Pooling is the competitive interest rates and the absence of late payment penalties. Tax Pooling will charge you an upfront lower interest cost (currently from 5.7%) if you choose to purchase tax, and you will receive a higher return (currently 4.5%) on any tax overpayments in Tax Pooling. Tax Pooling can aid your cash flow by allowing you to finance your tax payments at a lower interest rate than what the IRD charges. Also, any refunds due to you from overpaying will be processed quicker than waiting for the IRD.

 For more information contact Carissa Tolley on 07 902 2874



Ten marketing product and service tips

- 1 Ensure the product you are offering is different, or better, than your competitors.
- 2 Have a range of products with an entry level option and the ability to upsell and cross-sell other products.
- 3 Upgrade an existing client to a similar, but better product, the next level up.
- 4 Cross-sell a related but different product to existing clients
- 5 Take your existing clients on a stepped journey, one product level at a time.
- 6 Only ever promise what you can deliver.
- 7 A free trial or money back guarantee is a good way to take business away from your competitors, as it removes the risk for the customer.
- 8 Be able to describe your product easily and consistently, and make sure your staff can do the same.
- 9 Understand what the problems are that you solve for your customers.
- 10 Understand the features and benefits of your product inside out.

 For more help on marketing, contact Alison Clarke, 07 889 8808