Newsletter June 30, 2020
I thought it was about time we did an update with respect to what has happened within our team at RJ Preston, how we coped during lockdown and a general look at the year ahead.

The 2019 year was an interesting year from a work perspective with tighter banking controls limiting the supply of funds for borrowing. We also saw the financial institutions looking more closely at farmer balance sheets (in particular family loans) and wanting to get these documented as capital so the balance sheets were not pushed outside their debt equity parameters. Adding to this were the challenges being laid out at the farmers feet with the respect to government environmental policies. Despite this, it is fair to say the last three years have been the best I have seen in the 26 years of being involved in the farm accounting industry, with all sectors having reasonable returns and certainly with less seasonal volatility

Office Changes:
Here at the office, the 2019/2020 year has seen a number of staff changes.

The first was Sandra Melrose, commonly known as Sam who retired. Sam was our go to person around the office. She made sure the filing was done, stationary orders were kept up to date and liaised with many of you returning your files or chasing you up for signing of financial account returns.

To replace Sam we were really lucky to get Michaela Sandilands to join the administrative team. Michaela comes to us with an administrative background in the accounting field and her focus is on streamlining the administrative process through the greater use of technology.

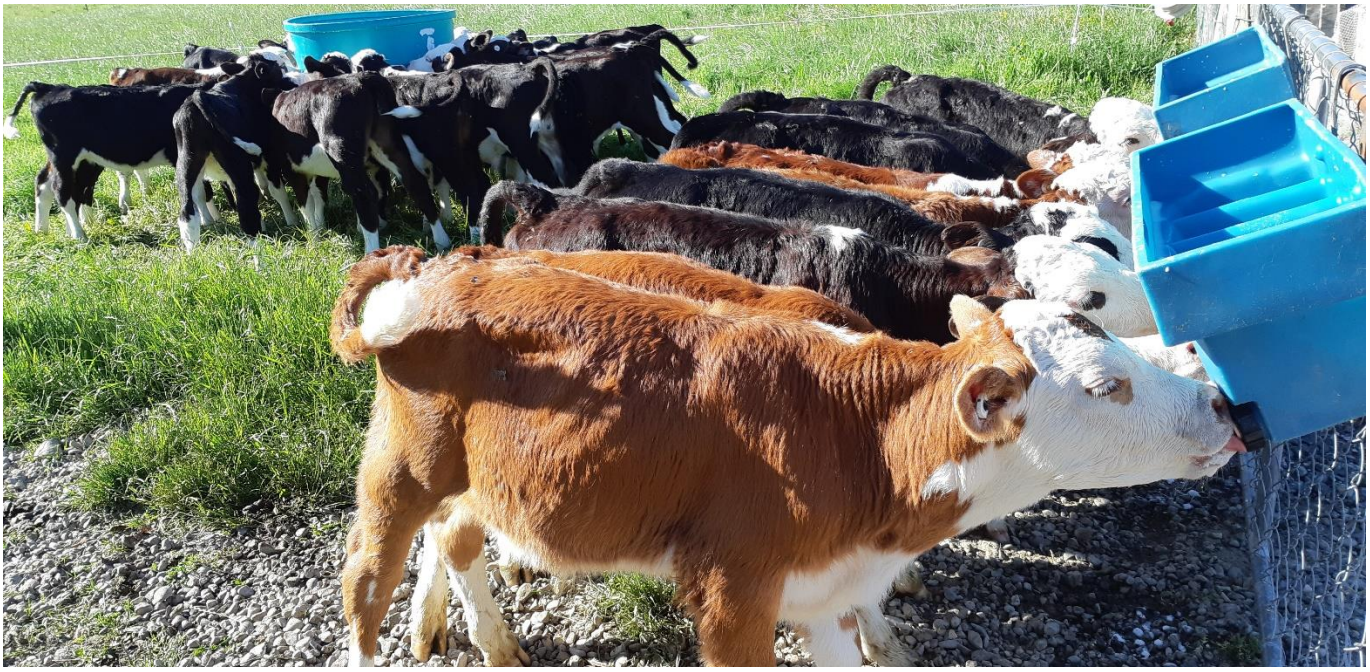
We then had Kylie Stanley join our team. Kylie works three days a week in the admin team and has been charged with getting the office up to speed with the new AML rules so we can meet the required standards. Kylie, like many of our staff, juggle motherhood and families and we appreciate their input into our team.

Noelene, another valued long standing member of the team has also retired. Somewhat a sad day as the Quinn family had been associated with RJ Preston Ltd both as clients and as a staff member since Richard started the firm. A well-earned retirement for Noelene and her days will be filled helping her husband John on the farm and enjoying time with her grandchildren.

In December we were also pleased to have Chathu rejoin our team. Many of you have had contact as Chathu is our resident IT genius helping you with your queries in the past. The timing of this was perfect as she was instrumental getting the staff all working from home when we entered lockdown.

Recently we have had two more retirements. Liz Van Til, our receptionist/typist come PA retired after 15 years of service. Her sidekick Pat also retired. Pat was our emergency typist and as at 78 years of age has well earned her retirement. Many of you would have dealt with Liz on a number of levels. We will miss Liz, but in retirement Liz is involved in numerous voluntary jobs which will ensure she is kept busy.

Advertising for Liz's replacement was interesting and certainly a reflection of the current labor market with over 250 applicants from all walks of life. After many hours of deliberation, we hired Kate McLaughlin, a Lincoln graduate with an Event Management background from a farm in the Waikato. We think she will be a great fit for RJ Preston LTD.
It's always daunting for a person to come in to replace a long-standing employee, but we are confident that Kate, with her easy-going nature and youthful outlook will be a valuable addition to our team.



Lockdown

COVID-19 certainly challenged our thinking about the way we used technology and showed us that we could work remotely from home and certainly created a solid template for the firm going forward if the need occurs again. The technical help from Chathu and the cooperation of all our staff was greatly appreciated. Prior to 31 March, we moved business to 16 remote points and it was business as usual, or nearly as usual. Thank you for your patience during an interesting period where we endeavored to be prompt in replying to all your requests. We did manage to get all our financial accounts out for the 2019 year all by email.

On a personal note, it reinforced for me the fact that:
1. I miss the office and staff a lot,
2. I couldn't wait to sit down with the clients again,
3. I am in no hurry to retire and my wife Paula is probably fairly glad of that.

Technology

Technology in this business is essential. However at the same time it can be the bane of an accountants life. With many software platforms moving to the cloud, it is very important we are aware of the various software packages so when our clients ask us what is the most suitable package for them, we can give them an informed answer. This is where Chathu is invaluable. Her understanding of the various computer programs and her ability to disseminate what is best for each client will ensure consistency of reporting of financial information.

Within the office, Grant is working very closely with MYOB to get a rural input into their software development. If you are having any issues with your IT and accounting software, we encourage you to contact Chathu in our office. She will work with you to find a solution Chathu is also keen to provide 1 on 1 training or group training as the need requires.

The year ahead

Without going over all the government assistance packages that have been offered during the lockdown period, these assistance packages could well be extended. Here I think all businesses need to be very clear they meet the requirements for any assistance packages. Failure to do this will most definitely result in payback of any funds received and as we have seen there is a certain amount of public shaming going on from those receiving funds that shouldn't have. So it is here I'd advise you to contact Grant or myself before signing on the dotted line for any of these assistance packages.

For farming clients, the dry conditions and drought and the impact on cash flow would have been paramount on your minds. With COVID-19 affecting many of the processing facilities, extra stock will need to be carried through winter and with a shortage of supplementary feed available, getting through winter could be a juggling act.

This is somewhat of a double edge sword, we need rain but at the same time we don't need a hard winter.

The outlook for our produce is solid without being spectacular for the coming year. As yet, I don't believe we know the true impact of the crisis on our primary produce exports.
With the various states of lockdown around the world, all countries including New Zealand will promote the use of their own production and encourage their people to buy from their own producers first. The virus could lead to a more protectionist regime in many countries and because of this, NZ could face extra tariffs imposed on our primary production to protect inefficient farming systems in other countries. We are sure this will have some effect on NZ farm gate prices but it is very hard to quantify this. Again its out of your control but it will influence you at some point in time. So in periods of uncertainty, sound farm budgeting is important and we encourage all clients to prepare a budget and watch their cash flow against that budget.

The other elephant in the room is the ever present cost of environmental regulations placed on the industry by the government. We cant see this decreasing but farmers also need to be mindful of how they spend their environmental dollar.

Taxation
Taxation will also be on the agenda post election as the country grapples with how to repay the mountain of debt due to the COVID-19 lockdown. We are unsure what form the tax changes will take, but it is inevitable the government will take a closer look at taxes such as GST, capital gains, and maybe even look at estate duty which was repealed back in 1993. In volatile times which we are seeing at the moment we see quite a bit of volatility in income and with volatility in income comes volatility in taxes.

This year we will endeavor to use all mechanisms to smooth your tax payments and try to ensure there are no nasty surprises around the corner.

ACC
ACC have decided to reduce their immediate financial impact of COVID-19 on businesses by delaying their invoicing until October.
If you wish to receive your invoice sooner, please contact Helen Wood at the office and she will be able to help facilitate this.

ACC will be offering payment plans to those under financial pressure and unable to pay their ACC.

Office Procedures
We remind you that neither the IRD or ACC are accepting cheques anymore. While they are still legal tender most banks no longer use cheque books.

We have now moved our invoicing to an email based invoice system so these will be promptly sent out for most clients. The Annual Accounts will consist of two invoices, one for draft accounts and a final invoice once the accounts and all statutory obligations are completed and tax returns filed.

Our terms of payment are now 14 days from the date of the invoice. We attach a copy of our terms of engagement to reflect this change. A quick reminder our bank account has changed so please check and ensure any future payments are deposited into this account: BNZ 02-1278 0036969 000

To all our clients, we thank you for your loyal support and understanding during a trying period. We look forward to helping you over the next 12 months and please remember we are only a phone call away if you need assistance.

Regards,
James, Grant and the team at RJ Preston Ltd