

# Building a better relationship with your accountant

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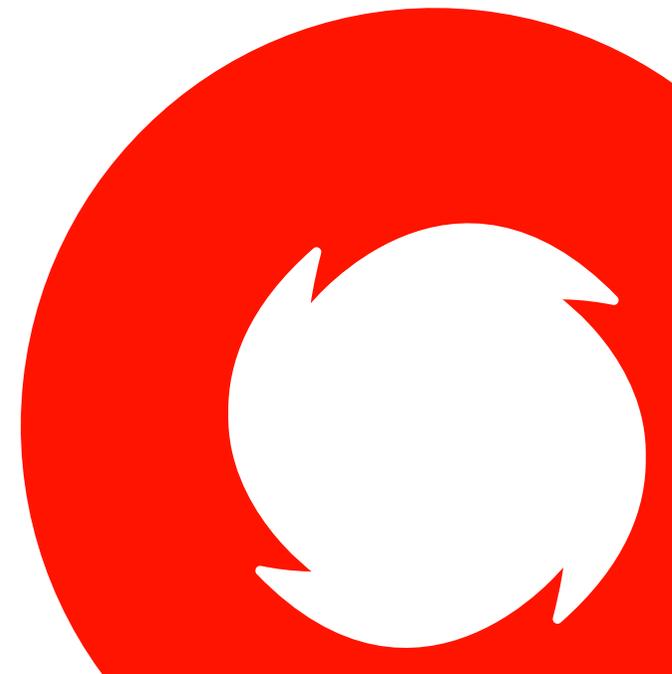


# Part of your trusted team

Do you have plans to improve or grow your business? Have you thought about how your accountant could be part of that process?

Your accountant could be a key member of your trusted team. This guide will explore what your accountant does for you, what you can expect from your accountant,

and how to build a better relationship with your accountant – for the benefit of your business.



# Go vs. Grow

Think about things that make your business 'go' versus things that help your business to 'grow'.

Meeting with your accountant regularly – not just to sign off end-of-year accounts – could add significant value to your business. Everyone needs an accountant and end of year accounts – they're a necessary expense for every farmer. It's a bit like buying diesel for your tractor, it doesn't 'go' without it, but you don't necessarily enjoy having to do it.

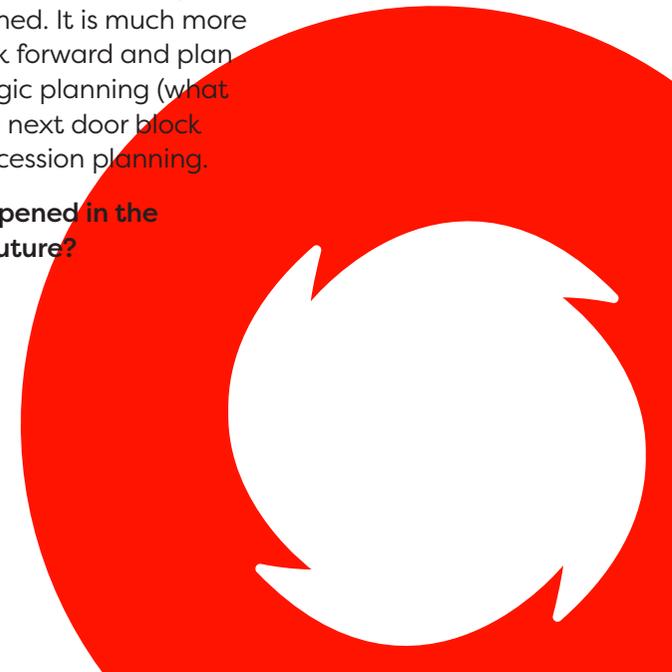
Regardless of your business type, you must undertake this financial reporting, but could you get more out of it than just compliance?

## Beyond Compliance

You can choose to take the view that your accountant could add more than just compliance to your business. They could help you to grow it.

Annual accounts are, by their nature, backward looking. They report on what has already happened. It is much more powerful if you and your accountant look forward and plan together. This could be things like strategic planning (what do you want to achieve?), discussing the next door block that's coming up for sale, or starting succession planning.

**Do you want to deal with what has happened in the past, or would you like to focus on the future?**



# What does your accountant do for you?

## Basic Service

<b>BASIC COMPLIANCE</b> <ul style="list-style-type: none"> <li>Financial statements (annual)</li> <li>Tax return</li> </ul>		<ul style="list-style-type: none"> <li>a. Tax reminders</li> <li>b. GST and/or PAYE</li> </ul>
<b>ANNUAL MEETING</b> <ul style="list-style-type: none"> <li>Newsletter</li> <li>Client seminars – training/education</li> </ul>		
<b>PROVISIONAL TAX PLANNING</b>		
<b>CASHFLOW MONITORING</b> <ul style="list-style-type: none"> <li>Interpreting + providing feedback</li> </ul>		
<b>REPORTING TO MANAGEMENT</b>		

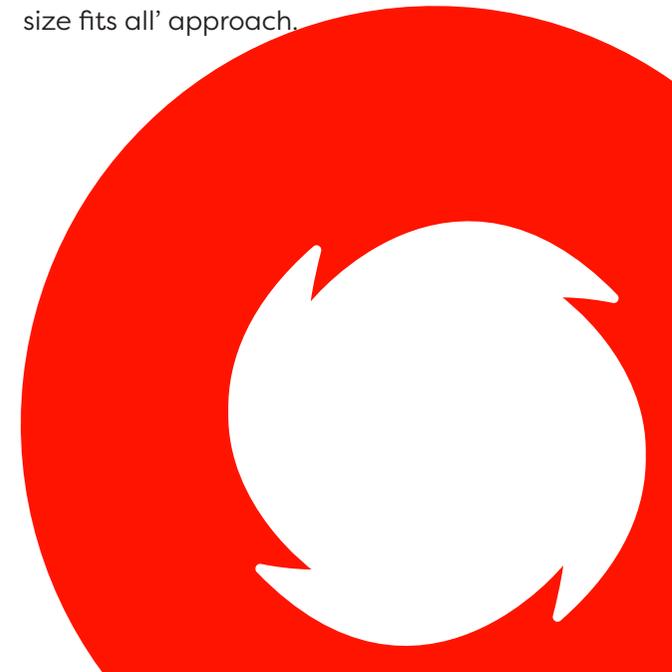
← **RETROSPECTIVE: Impersonal + Low Price Value**

## Value Added

<b>QUARTERLY MEETING</b> <ul style="list-style-type: none"> <li>Review KPIs</li> <li>Update plan</li> </ul>	<ul style="list-style-type: none"> <li>Plan next quarter</li> </ul>
<b>ADVISORY ROLE – FACILITATOR, GOVERNANCE</b>	
<b>BUSINESS PLANNING 1-2YRS</b>	
<b>STRATEGIC PLANNING 5YRS +</b>	
<b>SUCCESSION PLANNING</b>	

→ **FORWARD LOOKING: Personal + High Value**

You might pick and choose any combination of these services, from just basic compliance through to compliance and several value added services. Everyone's needs are different and there is no 'one size fits all' approach.



# What do these extended services look like for me?

## Provisional tax planning:

Farming income is prone to fluctuate, so regular communication between accountants and their clients can help avoid large over or under-payments of provisional tax. The aim of this service is to achieve as close to zero terminal tax as possible.

## Quarterly meeting:

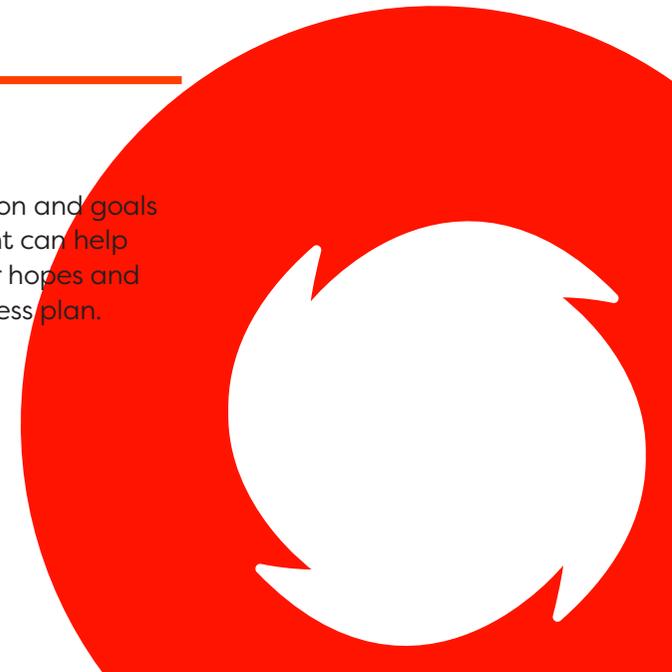
This meeting can take place in person, online or on the phone. It is an efficient way to meet more regularly and a great chance to review KPIs, update the budget and tax plans, and look forward to the end of the year.

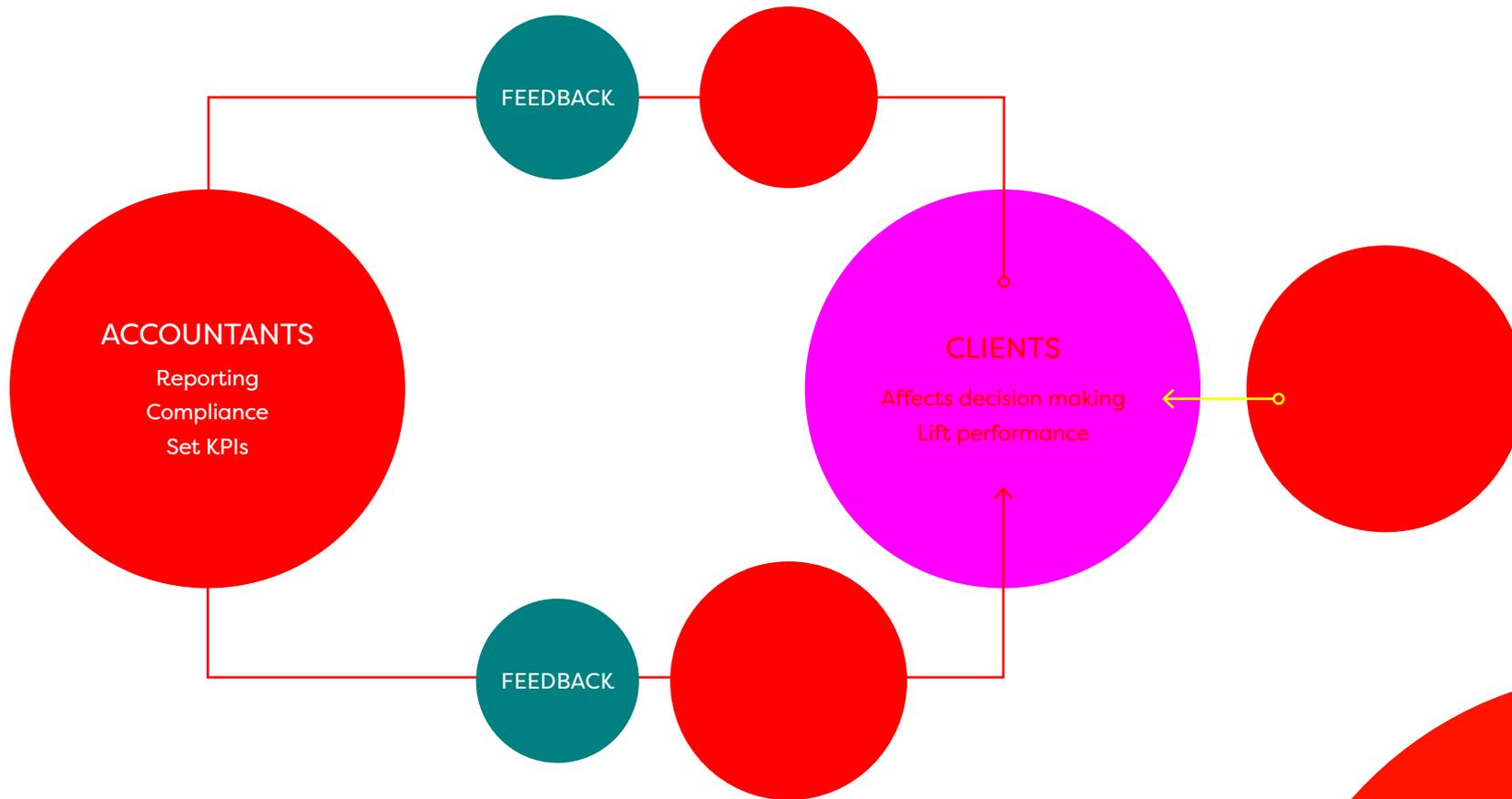
## Cashflow monitoring and reporting to management:

This service has benefits for farmers doing their own data entry, as well as farmers who have their accountant take care of data entry. Your accountant can offer an independent set of eyes, is looking at many other farming businesses, and can highlight results and trends in your business.

## Business/strategic planning:

As a family, if you can set and review your vision and goals regularly, it is a powerful tool. Your accountant can help facilitate the process and bring together your hopes and dreams into one coherent and succinct business plan.

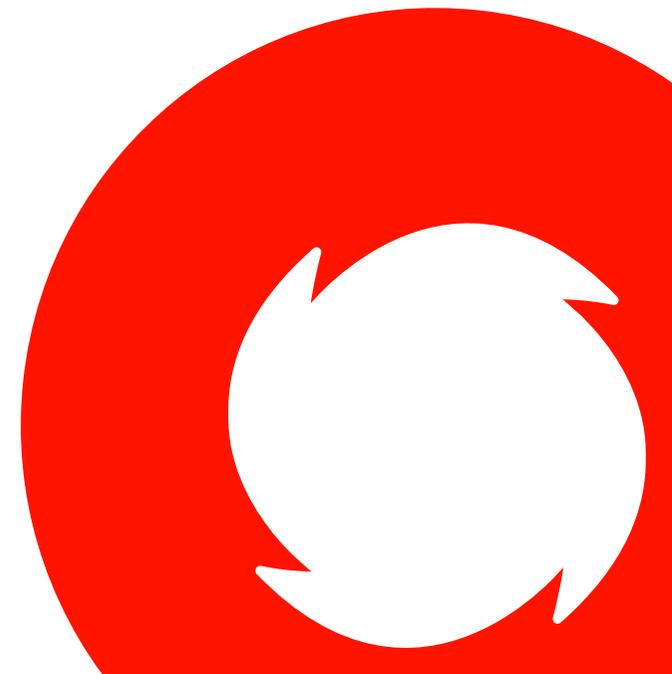




It's the responsibility of both parties to provide feedback and share information.

Farm Focus's Economic Farm Surplus (EFS) report is a handy report for a quick snapshot of the financial health of your business.

You can read more about the EFS report on our HelpCentre.



# Using the numbers to drive decision making

It's easy to use your annual end of year accounts to analyse important Key Performance Indicators (KPIs) and benchmark your business.

Everyone has end of year accounts, prepared by their accountant, why not use these numbers to take a closer look at your business – where are you spending the most money, could you cut expenses or is there an animal health issue that needs to be addressed?

If you use financial software, like Farm Focus, a click of a button will create an EFS report that contains all the vital KPIs you need.

Useful KPIs to help benchmark your business could include:

GROSS FARM REVENUE

ECONOMIC FARM SURPLUS

DEBT SERVICING

FARM EXPENSES

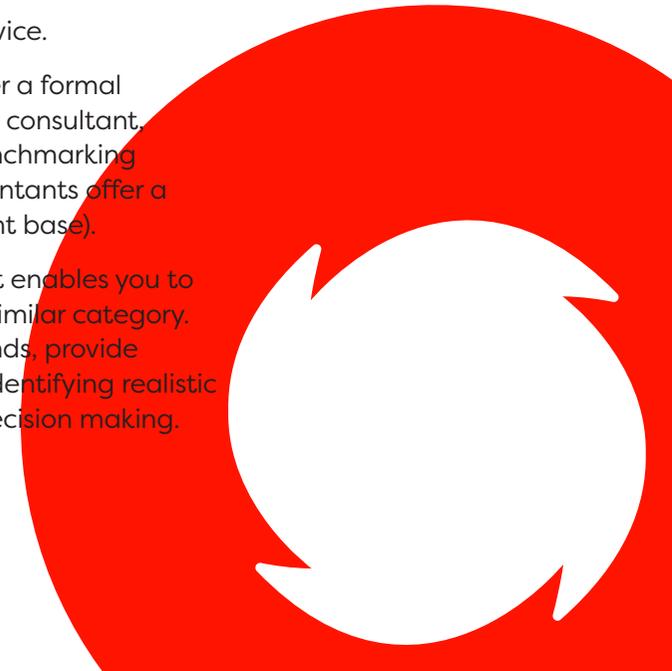
**You don't need to take part in a formal benchmarking process, it could be as simple as comparing your business year on year – have you improved, do you notice any trends?**

If you are a sheep and beef farmer you can access the Beef + Lamb New Zealand (B+LNZ) website and compare your business with the national average for your class of land. For dairy farmers, benchmarking

is available through the DairyBase service.

Taking it a step further, you could enter a formal benchmarking process through a farm consultant, like the BakerAg Financial Analysis Benchmarking (FAB), or your accountant (some accountants offer a benchmarking service within their client base).

The main benefit of benchmarking is it enables you to compare your results with others in a similar category. Benchmarking can show historical trends, provide information and establish a basis for identifying realistic targets for future policy setting and decision making.



# Share your goals

The more information your accountant has, the better the quality of advice they can give you.

Creating a strategic plan and sharing it with your accountant will help them to help you.

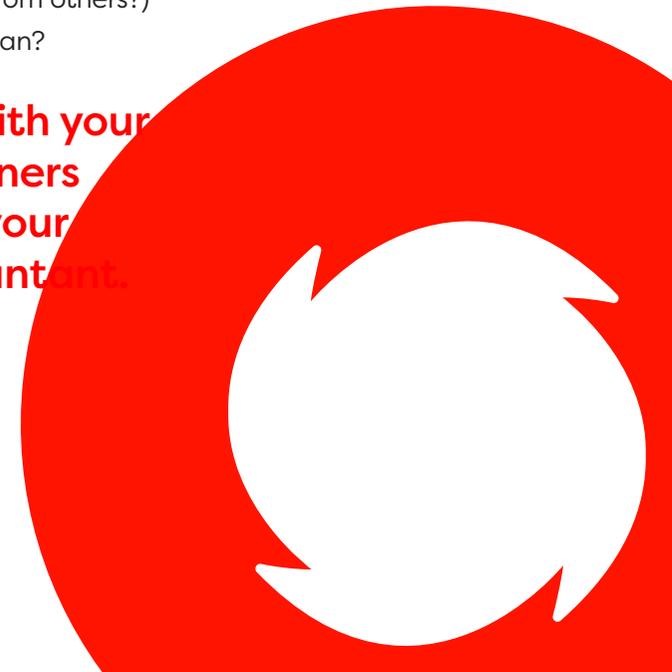
In a nutshell, a strategic plan says ‘this is what we are about’ and ‘this is what we are working towards’.

A strategic plan doesn’t need to be complicated – DairyNZ and Beef + Lamb New Zealand have simple templates for you to create your own, or ask your accountant or other trusted advisor to help you.

Other things you might like to think about or include in your strategic plan:

- Mission statement (including your vision and mission)
- Key principles of your business
- Point of difference (what sets you apart from others?)
- How often will you revise your strategic plan?

**Share your strategic plan with your stakeholders, business partners and trusted team, such as your banker, consultant or accountant.**



# The accountant

Consultant and chartered accountant, Lawrence Field, enjoys working with clients who want to grow their business and are focused on the future.

*“One of the main reasons I became a specialist farm accountant was because I love working with farming families and helping them achieve their goals.”*

Preparing annual accounts is not something that is highly valued by clients, Field says, even though an accountant can make a real difference in tax outcomes and working through options to smooth out income over subsequent years.

*“The clients I love working with the most are those who want to really grow their business, and have a clear picture of where they are heading. I am one of their trusted advisers and we will talk regularly throughout the year. The focus is on – what is changing, what options are you considering? Our look backwards at the previous year is only one meeting, the rest of the time our contact focuses on looking forward.”*

As a rule of thumb, Field does not work with clients who do not have a budget and cashflow.

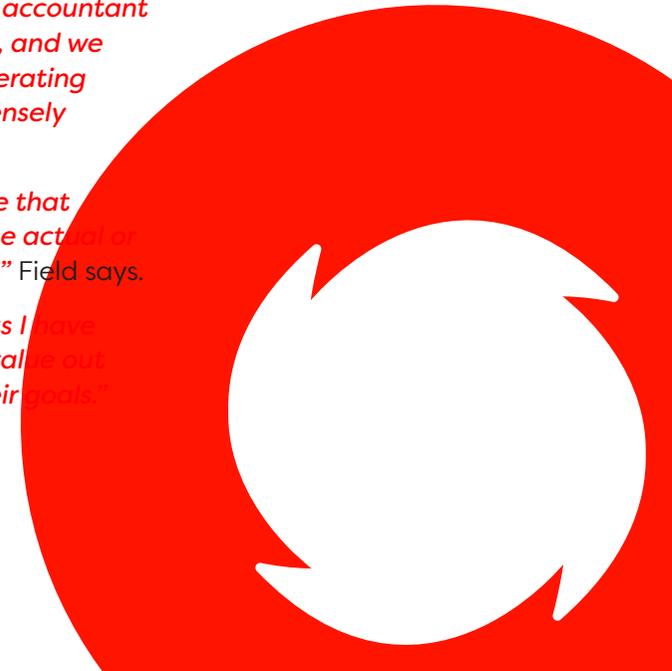
*“Having a regular, updated picture of how the season is going, both physically and financially, gives us a common language to talk through any issues.”*

Clients using Farm Focus means any of his team can do a provisional tax update, advise on overdraft management, or help with tricky coding.

*“If we are helping with planning updates the accountant and client can be viewing the same cashflow, and we get instant feedback on what the revised operating surplus could be for the year. This helps immensely with achieving our goal of zero terminal tax.”*

*“Farmers and bankers understand cash. I love that Farm Focus is still very farmer friendly, and the actual or planned cash position is obvious to everyone,”* Field says.

*“Business is all about relationships. The clients I have the strongest relationship with get the best value out of me and make terrific progress towards their goals.”*



# Prepare properly

Preparing before meeting with your accountant means better use of time and money – get more bang for your buck.

## Revised plan

A revised plan is the cornerstone of a successful meeting. Owning your plan, having a 'live' financial plan for the year you are in, and providing up-to-date, accurate information means your accountant can give you better quality advice.

### DAIRY FARMING



#### OCTOBER

Calving is recorded and payout can be updated. Feed inputs are clearer.



#### FEBRUARY

Two thirds of production is known, plan wintering and fertiliser costs.



#### MARCH

12 month actual is easy to predict, make plans for surplus.

### SHEEP & BEEF FARMING



#### OCTOBER

Lambing and calf numbers are known and schedule is clearer.



#### FEBRUARY

Impact of weather and livestock condition known, plan discretionary spending.



#### APRIL

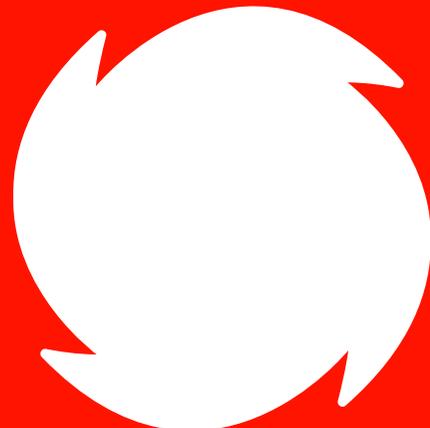
Total income known.

## Email in advance

Before meeting, have a clear idea of what you would like to cover. Sending your accountant an email, before the meeting, with bullet points outlining what you would like to cover enables both parties to better prepare in advance.

## Consider meeting more regularly

Consider meeting with your accountant outside of the annual accounts sign-off, with a more strategic long-term focus.



# The right tool for the job

## Farm Focus is at the heart of a good relationship between accountant and farmer.

Farm Focus is a fantastic tool for providing accurate, quality, up-to-date info that can be shared in real time. Because it is online, stored in the cloud, and you can grant access to whoever you choose, it is easy to share information with the click of a button and view it straight away.

Using financial software like Farm Focus also helps reduce risk in your business. Think of it as a form of key person insurance. If something should happen to the key person in your business, would anyone else know the information about your operation? Having up-to-date data, stored securely in the cloud, means your partner, staff or trusted team can access it and ensures no lost productivity.

Take the first step towards building a better relationship with your accountant – grant them access to your Farm Focus account.

*“Having direct access to all the information you need in saved documents makes life much easier for all parties. From an accountant’s point of view, it is a time saver.*

*Customers have also seen the value in having their advisors linked directly into their business. I call it a collaborative system because we’re working closely as a team and yet neither party has to leave their office.” Cheri Hendriksen, MCI & Associates*

