

**ASSORTED TOPICS (taken from Farm Accounting Made Easy, Module 1, pages 50-55)**

**PROTECTIVE CLOTHING**

Items to include:

- » Gumboots.
- » Overalls.
- » Hard hats.
- » Ear muffs.
- » Wet weather gear (jackets and overtrousers).
- » Shed apron.
- » Steel capped boots.
- » Gloves.

To meet the test for tax deductibility, the clothing must be overclothing. The item must not be normal clothing, such as jeans, jerseys, socks, etc.

Shearers can purchase special reinforced shearing trousers which meet the test.

Often the name of the store where the clothing was purchased gives an indication as to whether the clothing is "*normal*" or "*protective*".

Protective clothing provided for employees and children active in farm work can be expensed.

*FA (Vol 4, Pgs 1, 3) [p145]*  
*FA (Vol 34, Pg 7) [p147]*  
*FA (Vol 30, Pg 5) [p148]*

## SHAREMILKER

*FA (Vol 2, Pgs 3-4) [p 149]*  
*FA (Vol 20, Pgs 2-3) [p 152]*

Dairy farmers can use a sharemilker to operate their property.

Sharemilkers can be 50/50 which means that the sharemilkers supply their livestock, or lower order which means that the farm owner supplies the livestock.

The sharemilker's share of the dairy proceeds is deducted before the farm owner receives his share. The Dairy Company Statements show the gross dairy proceeds for each month. The gross proceeds should be credited to the income code with the sharemilker's share debited to the expense code.

For some clients with lower order sharemilkers it may be appropriate to show subcodes for the sharemilker to cover:

1. Dairy proceeds paid.
2. Calf rearing paid.
3. Day work paid.

You can then check on the accuracy of the coding by calculating the appropriate percentage of the gross dairy proceeds to see it matches with the debit in the sharemilker code for dairy proceeds.

Coding of the Dairy Statements where there is a sharemilker:

|    |                  |
|----|------------------|
| DR | Sharemilker      |
| DR | Other Deductions |
| DR | Contra Bank      |
| CR | Gross Proceeds   |

## SHEARING EXPENSES

Items to include:

- » Woolpacks, twine and pack needles.
- » Emerys.
- » Combs, cutters.
- » **Contract** shearers.
- » Rations.
- » Marking, brands, stencils and stencil ink.

Do **NOT** include:

- ~ Shearers' and musterers' wages – Should be coded to wages.
- ~ Handpieces – over \$500 are capital assets.
- ~ Repairs to shearing plant.

Some sheep farmers employ shearers to shear their sheep. The farmers therefore incur operating costs, such as combs and cutters.

Other farmers pay a contractor who provides a gang of shearers which he employs. In this case all major costs are the responsibility of the contractor.

If the farmer provides food for his shearing workers, this is a deductible expense. A shearing contractor often has his own cook with the shearing gang, but the farmer may still "*shout*" some beer to the contractor's workers once the job is done. This payment should also be tax deductible as rations but regard needs to be had to the entertainment rules once the "*shout*" gets beyond a couple of crates of beer.

*FA (Vol 1, Pgs 6-7) [p 155]*

*FA (Vol 4, Pg 2) [p 157]*

*FA (Vol 51, Pgs 4-5) [p 159]*

## **SHED AND FARM POWER**

Include payments for electricity including supply charges used on the farm such as:

- » Woolshed power
- » Dairy shed power
- » Pump power
- » Implement shed power
- » Reconnection costs
- » Workshop power

### **DO NOT INCLUDE**

- » House/domestic power [See page **Error! Bookmark not defined.**]
- » Repairs to power supply
- » Power reticulation equipment

NOTE: Sometimes an electric fence unit or farm water pump is located within the domestic dwelling/garage, or the garage is used (in part) as a workshop – eg. An electric welder is used. The electricity may all run through one ‘household’ meter.

An apportionment is necessary to isolate the additional business use.

## **SHED EXPENSES**

Items to include:

- » Detergents.
- » Liners, filter socks.
- » Inflations (rubberware).
- » Brushware.
- » RVP oil.

For dairy farmers the cost of operating the dairy shed is one of the major expense items.

All shed plant must be cleaned after every milking so that the milk is not contaminated. Bulk supplies of detergent are generally purchased from Stock and Station Agents or Dairy Company Trading Stores (refer *Farm Expenses Coding Dictionary* for brand names).

Rubberware is often replaced annually but some farmers get more than one “years” use before replacement.

Filter socks are replaced at each milking.