




DUCKETTS
 TRUSTED ADVISORS

June 2003 Newsletter

Bathing suit edition?

That 'll di nicely, sir

I have to admit to reading Taxation Magazine recently. It's normally the last resort for those who find Accountancy too exciting. Anyway, it transpires that the Institute of Taxation has been lobbying the Revenue to make Self-Assessment statements like credit card statements – understandable. Taxpayers would then have a minimum monthly payment to make (and a monthly statement to go with it) and the huge amount of effort that is currently expended in negotiating with the Collector of Taxes would be avoided. Perhaps you could shop at Tesco's with it too?

Don't fear the reaper

Accountancy has recently run an article on death, that well known tax avoidance ploy. On the basis that you should always "start with the end in mind", you can now answer a questionnaire to determine your life expectancy: www.apollolife.com

On average, for women it's 80 and for men it's 76. I achieved a pathetic 67. Must try harder. If you're looking for something more mystical (straight hokum?) how about www.death-clock.com?

I've been nagging people hard to get Enduring Powers of Attorney in place, but for those who really have to be in control, then there's no substitute for a living will www.mind.org.uk/information/factsheets/A/Advance_Directives.asp

I'm sure the Boy Scout can come up with a service line extension to cover this.

Time out

We have recently been doing some work in association with Tim & Sharon Kidson. Sharon's time management course, 'Using Time as a Critical Resource' is on Wednesday 9th July. If anybody is interested, please let us know on bullybroad@chrisduckett.co.uk

I once tried to give a talk on time management, but I suffered a sincerity collapse. Sharon will have no such problem and the course is well worth attending.

Whiplash bares all (again)

We understand that Ms Whiplash, incensed at being written out of the newsletter, has gone on to star in the Stourport pornmotional video. The Boyscout has a copy of the said video on order from the Tourist Board and we expect a full critique in the next edition.

Zero sum team games

With all this talk of “win/win” behaviour, it’s worth remembering that there are some excellent examples of zero sum plays from more deprived areas of the world. If you ever need to escape from a Soviet gulag, pick your partners carefully. As the gulags were located a very long way from anywhere, it was traditional for only one member of the team to actually get away, although the other members were crucial for success, if a little chewy on occasion.

Psychokiller

When I joined the accountancy profession, the interview consisted of a quick chat with the training manager (to check for obvious personality flaws/total unemployability) and you were in. The most important skill in the first year of a training contract was the ability to photocopy, although I was once sent out with a fist-full of petty cash to buy chocolates and champagne for the typing pool. Then they fired you if you didn’t pass your exams. Simple, but effective. Nowadays, you have to submit yourself to psychometric testing. Allegedly, there are 2 sorts of test: Level A – ability or aptitude, measuring such skills as verbal reasoning Level B – measuring behaviour? As most businesses have no idea what values they hold, how can they possibly decide what types of behaviour they want? Bring me a team of driven, committed, bright people with absolutely no integrity and we’ll pass all the psychometric tests and still end up in jail.

Money laundering

Anybody who has recently tried to open a bank account will know that the money laundering regulations are a real pain. However, this is just the tip of the iceberg. A particularly draconian set of rules applies to solicitors and accountants, backed up by stiff jail sentences. As is always the case with Government, there is no sense of materiality. So, if you happen to do a job on a Saturday morning (no VAT?), don’t tell me, as I’m obliged to report this immediately. I can’t quite see how this is going to help in the global battle against organised crime, but I’m sure Big Brother knows best.

Motown slows down

A huge amount of print has been expended on the effect of the war in Iraq on the global economy in general and relations between the US and its “allies” in particular. One interesting story I noticed concerns the General Motors operation in Detroit. Due to the exchange rate, GM actually does a lot of its manufacturing just over the border in Canada. Making use of electronic processing, GM sends an order across the border for car seats as the relevant vehicle enters the paint shop. 7 hours later, the car is ready for its seats which have been manufactured in Canada and delivered to the right place at the right time. The beauty of Just in Time manufacturing. Unfortunately, since September 11, additional security on the Ambassador Bridge (the border) has led to long delays (10 mile queues) and nobody can rely on getting anything anywhere on time. So many companies are having to hire warehouse space, adding costs and reducing efficiencies. Chaos Theory in action again?

Still getting on the bus

As you will have noticed, I’m a big fan of Jim Collins, even if his latest article in Fast Company (www.fastcompany.com/magazine/71/walmart.html) is a bit disappointing. Interestingly, Collins warns against complacency with a good turn of phrase “A Vibrant Culture Is Productively Neurotic.” And they are always out to get you. However, I did follow the link onto his web site, which turns out to be very useful, even if the concepts are not new www.jimcollins.com

Corporate killing

The government has abandoned its attempt to bring in laws to allow individual directors to be prosecuted for corporate disasters where somebody ends up dead. The sinking of the Herald of Free Enterprise (the North Sea ferry that turned over) is the last large scale accident, but every year about 350 people are killed in industrial accidents. In any event, health & safety rules allow for the prosecution of directors. Curiously, companies have always been deemed to be more reckless than individuals: “Corporate bodies are more corrupt and profligate than individuals because they have more power to do mischief and are less amenable to disgrace or punishment. They feel neither shame, remorse, gratitude nor goodwill.” So said William Hazlitt in 1822. He must have known some of my clients. Expert on the subject? Try Mario Redhead on mredhead@towrylaw.com

Share and share alike

We tend to assume that any taxation initiatives that take place in the US are peculiar to the US system. However, the Bush administration's plan to scrap tax on dividends (in the hands of shareholders) would certainly work wonders for the UK. The argument is that as dividends are paid out of taxed (company) profits, they should not be taxed again in the hands of shareholders. The rise of share options was a response to this double tax effect. If scrapping tax on dividends were applied in this country, it would immediately achieve the government's apparent objective of getting everybody into a limited company and the top rate of tax would be 19% for all small company owners. Sounds good to me, but I can't see Mr Brown being too keen on the idea.

Book of the month

"How to sell your business and live happily ever after" by Gary Morley of WBJ Chiltern.

This is a fantastic little book on how to do it and proves that not all accountants take themselves too seriously. The author is clearly none too fond of solicitors either:

"The purpose of the English legal system is to make more money for itself"

WBJ Chiltern are a specialist firm of tax advisers and they certainly understand the concept of line extension: they offer to look after the yacht that you've bought with the proceeds of the business that they've sold for you. Any bright ideas for a similar service that we could operate?

The most telling advice was not to sell your business to your own management team (an MBO - in the trade). Effectively, it is in management's interest to get the price for the business as low as possible and you have created the "Enemy within". A particular client of the author's was a large diverse private group which decided to sell off subsidiaries that didn't fit with the group's direction. The management at one of these subsidiaries saw that the writing was on the wall and started to reduce profitability, even succeeding in getting to a gross loss. They then made an offer to the owners, who knew that something was wrong, but couldn't tell what. On principle, the owners refused to sell to the management team who promptly left. The business was sold to a competitor for £1. The new owner put in his own accounting systems and discovered undervalued stock & work in progress and under invoicing to the tune of £500k. Not a bad buy for £1.

Women on top?

In a fit of curiosity, I was impelled to check out the following sites aimed at professional women:

www.everywoman.co.uk/

www.the-bag-lady.co.uk

www.busygirl.com/

Apart from discovering that purple is the new black, I'm not really any clearer as to what is important to said category. And, can anybody tell me what "gender capital management" might be?

The support economy

If you accept the view that (before very long) the only difference between businesses is the quality of their service (nobody makes bad cars anymore – only average ones), then it follows that individuals are the source of all value. Creating value is then all about creating and sustaining relationships (of deep support?) with individuals: the concept of distributed capitalism. It took me a while to figure out that this is what the authors are actually saying. Those who like lots of long words (in long sentences) should try

www.thesupporteconomy.com

Disclaimer

Forget love, all you need is a really good pair of shoes.

You see, I really am in touch with my feminine side.



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