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**DUCKETTS**  
 TRUSTED ADVISORS

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 Newsletter

## *Blockbuster summer special.*



### Pre-trial hearing

"Further to last months "Tattoo" article, I need to point out that Miss Whiplash (copyright Duckett Enterprises 2003) is not a real person. Any resemblance to a person or persons previously or currently employed by Chris Duckett Ltd is entirely accidental. However, Tim Kidson is a real person and has feelings too. And his book is worth reading.

### Tax returns on line

Sparkle has confirmed that we have now filed our first tax return (ever) on line. I asked her if that was good or bad. She wasn't impressed.

### Car benefits

I'm not sure if this is a news item or a confession, but I have finally been prevailed upon to change my car. This was much against my better judgement, but I got fed up with clients asking when I was going to get another one. For the record, the new vehicle is a 5 year old Audi A4 estate. (But, it's not as good as the Saab.) Following my own advice, it is not in the company as I couldn't face the BIK etc. I was hoping to get a genuinely tax-efficient company van, but this was deemed to be taking the point to extremes. Besides, having a van might mean I had to take stuff to the tip.



### Give me Russell

Yet another attempt to understand the meaning of life saw me trekking to the pictures to see Orlando Bloom wield his sword (against the Muslim horde) in Kingdom of Heaven. I have to say, I wouldn't follow him to the end of the road, whereas Russell Crowe in Gladiator was awe inspiring. What makes Russell a credible leader? I think it was cause he gave the impression that he knew what he was doing and where he was going. Or maybe he has higher Emotional Intelligence. Would he drive a company van? Discuss.

## Death is no excuse

Rumours abound that the Revenue has started a new initiative to compare inheritance tax returns to ordinary tax returns to see if anything was missing. Anybody who the Revenue thinks has fiddled their tax returns while alive will have the tax deducted from their estates. It's not clear how the Revenue are going to hold meetings or, indeed, how innocent taxpayers are going to be able to clear their names. Presumably, a campaign against tax evading toddlers is next.

## New media

The use that newspapers find for their websites is indicative of the way that different formats can work together. For instance, the Telegraph's job section has created a series of 50 interviews with business leaders which can be downloaded (at a price) from [www.jobs.telegraph.co.uk](http://www.jobs.telegraph.co.uk)

I was reading this section for the interview by Anita Roddick on being an entrepreneur. The interview was excellent, but I can't work out what to make of her new website [www.takeitpersonally.org](http://www.takeitpersonally.org)

## Give me strength

The Sage of Bishopswood's current e.zine is now on the shelves. Get it here: <http://www.thestrengthschronicle.com/>



## Leadership: The Theory

I've been on a course again; mostly about leadership and management. This was given by a US company and taught US ideas. I wasn't convinced, particularly on the subject of strengths. I concentrate on playing to everybody's strengths and engineering round weaknesses (particularly my own). Maybe that's what I do wrong? Anyway, subsequent discussion on the subject has thrown up the (US) concept of emotional intelligence (EI). The recommended book on the subject is "Primal Leadership" by Goleman, Boyatzis and McKee. Rather than actually reading the book, I've simply hijacked the piece from Publishers Weekly:

"The fundamental task of leaders... is to prime good feeling in those they lead. That occurs when a leader creates resonance - a reservoir of positivity that unleashes the best in people. At its root, then, the primal job of leadership is emotional." They use the word "primal" not only in its original sense, but also to stress that making employees feel good (i.e., inspired and empowered) is the job a leader should do first. To prove that the need to lead and to respond to leadership is innate, the authors cite numerous biological studies of how people learn and react to situations (e.g., an executive's use of innate self-awareness helps her to be open to

criticism). And to demonstrate the importance of emotion to leadership, they note countless examples of different types of leaders in similar situations, and point out that the ones who get their employees emotionally engaged accomplish far more. Perhaps most intriguing is the brief appendix, where the authors compare the importance of IQ and EI in determining a leader's effectiveness. Their conclusion that EI is more important isn't surprising, but their reasoning is. Since one has to be fairly smart to be a senior manager, IQ among top managers doesn't vary widely. However, EI does. Thus, the authors argue, those managers with higher EI will be more successful.

Steve Jobs, on the other hand, said: "My job is to create a product, project or piece of work that is inspiring. It is then up to people to decide whether they are inspired by it. Those that are will then join the crusade." Figuratively speaking.



## Tesco – officially great shopping?

There was an excellent article in The Times (19<sup>th</sup> May) interviewing Terry Leahy, the boss at Tesco. As far as I can tell, he exhibits the characteristics of the Level Five Leader as defined by Jim "Oracle of Delphi" Collins:

- Level 5 – a Level 5 Executive builds enduring greatness through a paradoxical blend of personal humility and professional will.
- Level 4 – an Effective Leader catalyses commitment to and vigorous pursuit of a clear and compelling vision, stimulating higher performance standards.
- Level 3 – a Competent Manager organises people and resources toward the effective and efficient pursuit of pre-determined objectives.
- Level 2 – a Contributing Team Member contributes individual capabilities to the achievement of group objectives and works effectively with others in a group setting.
- Level 1 – a Highly Capable Individual contributes through talent, knowledge, skills and good work habits.

[www.jimcollins.com](http://www.jimcollins.com) gives it in colour.

This theory is all very well, but a UK example is needed, so I hope Terry is the man. I was particularly impressed by his answer to the question as to whether he would be able to make the NHS work better: "I've been fortunate to stumble into a career that worked for me and it would be too much to expect that it would work somewhere else." I'll vote for him.

Incidentally, he reckons the key to success at Tesco was to "follow the customer, not the competition".

If you can't find this article on line, I can send it over as a Word doc.

## Buy me now

As the economy starts to turn, the chances are that there will be plenty of good businesses for sale at knockdown prices. Buying another business is always risky (often too risky) and tends to be more of an art than a science. Folklore has it that the first question to ask is whether you would take the seller out for a pint. More prosaically, you might try:

- Where is the tip-off coming from?
- Why is this a hot-target?
- Have the sums been checked?
- Who picks up the bill if the deal aborts?
- How will the deal be structured?
- Who is looking after the detail?
- Who is taking the risks?

Having bought two businesses myself, seen lots of deals fail and some even succeed, I have no idea what the secret is.

## Don't fear the Reaper

In the course of my work, I have cause to talk to various Insolvency Practitioners. [The modern equivalent of the hangman, but without the black hood?] Rather like policemen, they only get involved when there is a problem and therefore tend to have a less positive view of human nature. The new Enterprise Act is just over a year old and the first batch of bankrupts have been rehabilitated, ready to go and do it again. My old boss used to say that marriage was like bankruptcy: the more you do it, the easier it gets. Our favoured solution is credit scoring by dress sense. No credit card for wearers of Burberry? Whilst our new rules are based on the US system, the experience there is that its not working and they need to tighten up. The coming deluge will be exciting, at least for the banks.

## CGT still too hard

Having advised (last month) that CGT is way too complicated, Sparkle breathlessly informed me that she was in debate with a local Inspector about some of the finer points of a computation that she had submitted for clearance. She sent him a copy of the relevant "Taxation" article (which differs from the example on the Revenue website). We've heard nothing further.

## "Where have I gone right?" by Jim Hayhurst.

Another day, another self-help book. I think I'm beginning to understand the American obsession with positivity, even if I can't quite embrace the cult myself. Celebrating success does not come easy to accountants, so the concept of a "Victory Log" is clearly preposterous? However, if you don't notice that you are making progress (as defined), then it's easy to lose heart. That (sort of) is the well-hidden message of this book and Robert Kreigel's "How to succeed in business without working so damn hard". Try [www.therightmountain.com](http://www.therightmountain.com)

## More H&S

The article on Health & Safety produced some further stories that are worth relating. I particularly like the idea of the dilemma created by Monmouthshire Council who went round installing bins to take dog muck only to discover that H&S rules prevented their employees from emptying the bins due to the "toxic waste" they contained. I do hope that wasn't made up

## Give with one hand

The tax press is getting very excited about the provision of childcare vouchers as a tax-free perk to employees. This is another of Gordon's bright ideas that doesn't work. Whilst the voucher may be tax free, it still counts for working family tax credit. Any family getting wfct will actually be worse off if they receive the vouchers. Incredible.

## Competent jerks & lovable fools

This may not come as a great surprise to you, but research in the States has identified the inclination for people to work with those they like, even if they are not that good at the job, in preference to the self-apparent "competent jerks". Unfortunately, the likeable types tend to get fired first when the going gets tough. Bring on the Muppet Shuffle?



## Red tape?

I'd taken it as read that nobody had noticed that running payroll (ie employing people) is fraught with rules. What with SMP, SSP, P35/P14 and student loans, it actually hard to get it right, even with the relevant software. I was pleased to see that the Sunday Times has launched a campaign to cut payroll red tape, but I don't hold out much hope of it actually achieving anything. Worse still, the real grief, as I've mentioned before, is the Revenue's insistence that the self-employed are really employees of their customers in disguise. Sooner or later, we'll all end up working for the government?

## Regulation comes to town

After complaining loudly about the irrelevance of Practice Assurance, I've got a visit on 3<sup>rd</sup> & 4<sup>th</sup> August. I may be unobtainable for the preceding month. Still, I'm sure the visit will provide some newsworthy material.

## Disclaimer

I think we got away with it. Still 450 tax returns to go, though. Remember, Chris Duckett Ltd recognises that preparing accounts and filing tax returns are activities with a danger of personal injury or death. Participants in these activities should be aware of and accept these risks and be responsible for their own actions and involvement.



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