




DUCKETTS
 TRUSTED ADVISORS

October 2010
Newsletter

"Stand by for the spending review" Special.



5 lessons

"As many of you will know, the current Mrs Duckett and I recently undertook a kayaking trip off the coast of Vancouver Island. The whole thing was so far out of our respective comfort zones that I am lost for words to adequately describe the venture (ordeal?). So, what did we learn?:"

- Maslow was right with his hierarchy of needs. When food, shelter and toilet facilities are uncertain, all worry about artificial constructs, such as tax, disappears
<http://www.highmountainguides.com/index.php/eng/Useful-Information/Advice-Articles/Expedition-Tips/Motivation>

- Not washing for 10 days is no big deal if everybody else is in the same boat
- When there are so many things to worry about, and you can't tell which danger is the most significant, you give up on the worrying and go with the flow. This is the natural state of the small business owner
- Warm, dry & dishevelled is better than cold, wet & elegant
- You don't need to worry too much about bears; the cougars, snakes or killer whales usually get them

Anybody wishing to learn these lessons first-hand should contact Mike

<http://www.applecross.uk.com/msg/kayaking.php>



The Sage upgrades

As many of you will appreciate, Mike Pegg has been actively promoting the Strengths Movement for many years. More recently, he set up The Strengths Foundation and its new website has gone live at:

<http://www.thestrengthsfoundation.org/>

Mike says:

"The Strengths Foundation Philosophy:

There are many ways to encourage people. The Foundation aims to share the strengths approach. It aims to provide a stimulating resource that people, teams and organisations can use:

To build on their strengths

To set specific goals

To achieve their picture of success."

I'm due to run an interview with Mike shortly to explain how the theory translates into action. In the meantime, my interview with Mike from 2008 is still available

<http://www.chrisduckett.co.uk/mikepegginterview.html>

Recycling

As there are no new ideas in business, I thought I should go green and recycle a few old ones. This is from May 2005:

Corporate speak

I came across a good new management term recently: the Muppet Shuffle. Strictly, this is defined as "redeployment of incompetent staff to less dangerous roles". Presumably, this is the corollary of "risk is working for an idiot". Given that, under the corporate governance rules, risk only exists if it's written down, then the Muppet gets a name? If you look around and don't know who it is, then it's probably you, Kermit.

Greek logic

Apparently, Alexander the Great had a "grand" strategy when he conquered the Persians and this can be boiled down as follows:

- focus on your greater goal (win the war not just the battle)
- widen your perspective
- sever the roots (of the problem)
- take the indirect route to your goal (and tidy up loose ends that might bite you later)

The Alexander story is interesting, particularly as whilst he beat the Persians (thereby executing his grand strategy), he then drank himself into a state of paranoia (they really were all out to get him) and eventually over-committed his forces. It's a shame nobody gave him the work/life balance lecture.

Solicitors' corner

Wills, myths and pitfalls

Solicitors Gordon Lutton have got by far the (intentionally) funniest marketing material I've ever seen (although nobody else seems to agree with me).

I'm continually nagging people about Wills: this is their take on the subject

http://www.gordonlutton.co.uk/index.asp?page_ID=180&nav1_ID=23

Worthy rather than funny.

Privacy between spouses

"Is it acceptable for a wife to look through her husband's papers, or read his emails? Do normal privacy rules apply, or is a spouse fair game (is that a pun?)?"

The Court of Appeal has just looked at this issue in the case of *Tchenguis v Imerman* and concluded that a spouse is entitled to exactly the same standard of privacy protection as any other individual. Rummaging in files or computer records for information, and even worse giving it to professional advisers without express permission, is therefore now off-limits. There are civil and in some circumstances criminal penalties for breach.

Although this case was decided in the context of a divorce case, there are messages in it for other professional advisers. You may need financial information about a spouse in a tax or succession planning exercise. Professional advisers should not tell clients to go looking for information about a spouse's finances, and should check that any information offered has been obtained with express permission."

The moral of the piece is that you should be very careful what you tell your barrister. I'm never sure whose side they are on.

IT gets serious

The industry has invented some new words:

Work swarms. Work swarms occur when anyone able to add value to a goal is drawn into an area of activity. Swarms aren't like ordinary work teams. Swarms come together as they are needed, and disperse when they are not. They are agile, ad-hoc and an emerging phenomenon.

Spontaneous work. Work swarms won't only evolve around identified problems. They will also evolve around areas such as seeking out new opportunities and creating new designs and models.

Weak links. When working in swarms people may not know each other well – if at all. People need to be able to navigate and exploit links, both weak and strong, in order to benefit from swarms. And that goes for the business as well as for individuals.

If that's all a bit too serious, try this:

- An idiot with a computer is a faster, better idiot
- A computer lets you make more mistakes faster than any other invention in human history, with the possible exceptions of handguns and tequila
- I love deadlines: I like the whooshing sound they make as they fly by.

Fair and reasonable (the saga continues)

I talked about this last time, but Whiplash and I have been on our annual "What's happening in the world of CIS" course and come away as depressed/bemused as usual. The CIS (Construction Industry Scheme) is a sort of testing ground for the Revenue for draconian policies (bit like Scotland). Whatever they can get away with here will eventually be rolled out into the wider tax world. Anybody even remotely involved in building anything at all was supposed to register for the scheme in April 2007. If you failed to register for any reason, there is a penalty of £100 per month every month, plus annual penalties, so that the total fine for not registering on day one is now approaching £120k, whether or not any tax is due. Whilst this is patently ridiculous, the Revenue has done a good job in keeping the position away from Tribunal (because they will lose). So they continue to hound otherwise law-abiding businesses without allowing the rules to be tested in Court. And it's impossible for anybody to try to correct for a late registration as they simply walk straight into a huge fine. So why bother? Background on <http://www.chrisduckett.co.uk/Newsletters/june2006.html>

And, if you get an e.mail from the Revenue telling you that you are due a refund - it's a scam.

Capital allowances

The new(ish) Government changed the capital allowance rules in the Emergency Budget and (in my experience) everybody is having trouble keeping up. So, in summary:

- 100% allowances on kit (not cars) spend up to £100k pa. 20% on any excess over £100k. Lasts until 31.3.12
- From 1.4.12, only £25k kit spend gets 100% allowances. 18% thereafter

So, stand by for a boom in purchases in kit-heavy industries (like farming) in March 2012.



Inkin Brothers clean up

I don't normally take much notice of awards, but clients Edmund & Charles Inkin have managed to get both of their establishments into the Good Pub Guide:

Felin Fach Griffin *Dining Pub of the Year for Wales* www.eatdrinksleep.ltd.uk

Gurnard's Head *County Dining Pub of the Year for Cornwall* www.gurnardshead.co.uk

I doubt they need a plug from me, but well done anyway.



Electronic book of the month

"How to Make Your First Few £££ Millions"
by Dave "Accountax" Smith

Dave is well known in the accountancy profession for building his business from nothing to a sale to Abbey Tax for £5m; all in the space of 5 years and in a niche market.

Along the way, Dave learnt a lot about growing a business:

- the Big 6 of wealth creation
- how to "think" like an entrepreneur and to focus on what the customer wants;
- how to motivate and retain key workers;
- how to avoid some basic errors in financial management and
- pitfalls to avoid when selling your business.

Sound familiar?

Audit a Go Go

Just in case anybody thinks I'm not a proper accountant, I'm going to tell you about the biggest deal in the accountancy world at the moment – the introduction of Clarity ISAs. This implies that the previous standards weren't clear and who am I to argue? With luck, you'll never hear of them again. I wish I could say the same.

Feeding frenzy

The world of financial services is rubbing its hands in glee as the deadline for compulsory pensions gets ever closer. Sometime between 2012 and 2015, all employers are going to have to start paying pension contributions for employees under the NEST scheme. [Any idea what NEST stands for? There could be a prize.] And employees will have to chip in a bit too. Unless those in charge change their minds again. Given that this is what National Insurance was supposed to be, could we now refer to NI as tax and scrap it? That would make things a lot simpler.

We've recently introduced a salary sacrifice pension scheme, but I would struggle to explain why.

Disclaimer

Economic predictions are a better guide to current perceptions than to future outcomes. We should all learn to love uncertainty.

To be uncertain is to be uncomfortable, but to be certain is ridiculous – Chinese proverb



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