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DUCKETTS
 TRUSTED ADVISORS

October / November
 2004
 Newsletter

Mean, moody & magnificent. Rather like the weather.

In case anybody is getting into the Christmas spirit, let me remind you that the pre-budget review is out on 2nd December. It's going to be a cold Christmas etc etc

Book of the month

The recent (excellent) seminar by Mike Winnell on motivation mentioned the work of Viktor E Frankl (in addition to the better know stuff by Maslow & Henkel). I just happen to have his autobiography lying around (Recollections: an autobiography), so I picked it up. He was the Jewish psychologist who survived the concentration camps and observed a lot of people who didn't. His classic text is "Man's search for meaning". It certainly puts tax into perspective. Does anybody fancy giving a talk on happiness?

Forthcoming book of the month

House of Lies: How Management Consultants Steal Your Watch and Then Tell You the Time (Warner Books), due out in March 2005. Looks like required reading?

DNA fingerprinting

Under the money laundering rules, it has become almost impossible to open a bank account and, for us, taking on a new client is fairly tricky. But its going to get worse. Current proposals to give everybody an identity card also extend to getting accountants and solicitors to take fingerprints of new clients. Presumably, we'll have to match DNA in due course. In an earlier existence, I was in fact a biochemist and I can (well, could) run DNA profiles. As a customer focused practice, I guess we will need to

offer prospective clients the choice of giving blood or semen samples? Will Miss Whiplash come back as a consultant? Will we have a queue?

Willing slaves

Scientists have now isolated a gene which confers the ability to work very hard for an indefinite period without the need for praise or reward. I assume that conventional breeding techniques have long since magnified this trait in certain sub-populations. Why else would you get dynasties of accountants?

Sex, drugs & economics

According to economic theory (yes, there is some), people behave rationally. It is therefore hard to see how the current tendency to drink, smoke and engage in unprotected casual sex fits

into this. [Anybody doing all of the above should contact me immediately – I'm impressed.] Perhaps this is why we are not in recession despite rising interest rates and oil prices? Or maybe economics is just smoke and mirrors after all?

Work-life balance initiative

The Benevolence to Employees and Dependents through Life Asset Management (BEDLAM) program is designed to help employees achieve work-life balance. Key features are:

Flexitime: You shouldn't have to choose between work and time with family. Therefore, we have instituted a flexitime policy that allows employees, with a manager's approval, to complete their 60-hour week as they see fit. Employees can choose seven 8-plus-hour days or three 20-hour days, allowing for a long weekend.

VAT

We've recently had a series of run-ins with Customs & Excise and lost every one. It doesn't bode well for their merger with the Revenue. The last incident is probably the most interesting as it involved a deliberate mis-statement by our client. This happened nearly 3 years ago and was picked up by a visit from the local office. The matter was immediately referred to a special unit in Birmingham and the directors sent a letter telling them that if they would like to confess their sins, the penalty would only be 20% of the VAT due. We subsequently had a meeting with the man from Customs who confirmed this position at great length (nearly 2 hours), whilst being a model of empathy with menaces. He took away with him a cheque for the VAT underpaid and promised to be lenient. We've heard no more as yet. Most importantly, Customs clearly have the power to go after the directors personally in the event of fraud, even if the company is put into liquidation. Don't ever mess with the VAT man.

Maternity leave

You may well be aware that Kath, my PA, is now off on maternity leave. Before she went, Kath undertook the electronic equivalent of tidying her desk and e-mailed her wedding photos from her PC to her husband's e-mail address. This turned out to be a 25Mb file which bounced straight back from her husband's mail box and jammed ours, effectively knocking out our system. Our ISP was able to go in and delete the file, but we were then subject to all sorts of dire warnings about breach of (Kath's) privacy. [Kath, of course, was far too embarrassed to worry about her privacy being infringed.] Apparently, reading (or deleting) a message addressed to somebody else is a crime and we should have a written policy in place covering the private use of company systems. In other words, it's not allowed, but if it does happen, the employer is allowed to take the appropriate steps to correct the problem. We can find a suitable policy if anybody wants one. More importantly, I will let you know as soon as Kath has her baby. A maternity flash? Pictures on the web site anybody?

Taxing data

Up until recently, the Revenue has been conspicuously poor at using the data it possesses. Investigations are still all about the competence of the individual Inspector, but it's now routine for an Inspector to check Companies House and the Land Registry before launching a series of queries. Presumably, they have access to VAT data, too. The Revenue's database can compare 21m taxpayers, a scale quite beyond any commercial organisation. It will inevitably make more sophisticated use of all of this data and start to target aggressively areas of interest. And the whole process will, no doubt, become more confrontational.

Soft benefits

A lot of current tax planning is aimed at avoiding National Insurance (which isn't tax?), but there are still some perks that don't attract tax either (when provided to an employee). Conversely, company cars are most definitely a "hard benefit". Mobile phones dropped out of taxability a couple of years ago (but, be careful) and the most recent tax-free perk is the provision of up to £2,500 of computer kit for home use. Given the gradual spread of broadband coverage, it is fairly straightforward to give employees access to the office system from home. Floods or snow will never again stop somebody working. Assuming we don't get the wrong sort of electricity on the line, of course.

Staff assessments

Performance reviews are a hiding to nothing in my opinion. Perhaps I should go on the course. Do you know anybody to whom the following assessments might apply?:

- Works well when under constant supervision and cornered like a rat in a trap.
- This young person has delusions of adequacy

By the book?:

<http://gmj.gallup.com/content/default.asp?ci=13891>

IHT to be abolished?

There was a spat in Parliament last week over Inheritance Tax. The central tenet of this regime is that tax is only payable on second death. Any transfers to the surviving spouse on first death are not taxed. The only good reason for getting married? So the fuss in Parliament was over the IHT status of same-sex partners. Could the idea be extended to brothers and sisters? Do the Seven Dwarfs now qualify for IHT exemption? The most accurate comment was that the only way to make IHT fair was to abolish it. I'll vote for whoever said that.

On a rather more technical point, a bill is expected in the next couple of years which revises the law on the Enduring Power of Attorney (EPA). As with wills, if you haven't already got one, then get one.

Christmas shopping

This is a report from one of our female correspondents:

In the run-up to Christmas, the female readers among you may be comforted to learn that there's logic behind woman's desire to shop 'til she drops. Analysts at research firm Haines McGregor have revealed that a girl's longing to buy the perfect pair of shoes or the most select Christmas presents actually comes from her hunter-gatherer instincts, passed down through the ages. The analysts believe that 'the search' is like a pre-historic stalking of prey, inevitably followed by 'the kill' as the purchase is made. Finally, there is 'the trophy' - the feeling of success one achieves as they flaunt their prize to others.

I make no comment. Not in print, anyway.

New tax?

Anybody who thinks tax is a relatively new idea should think again. A client of mine recently trawled through an old deed box to discover various bits of paper relating to his farm. Within the bundle were assorted letters from the Revenue, including "Succession Tax" assessments from 1862. Presumably an early predecessor of Inheritance Tax?

Christmas Party?

My usual advice is to give the whole idea a wide berth. Before anybody asks, the Revenue allowance is £150 per employee and not a penny more.

There is some very pertinent advice in FastCompany magazine:

- Attendance – although not strictly mandatory, failure to share with

colleagues in the joyous holiday spirit at a company-sponsored event may result in harsh disciplinary action.

- Attire – Fishnet in any form is strictly prohibited. Ties/sweaters with built in music chips will be confiscated at the door. Apparel that leaves little to the imagination should be authorised by the boss in advance.
- Conversation – Limit banter to trite compliments about the venue and food whilst minimising criticism.
- Alcohol – as a rule of thumb, consumption of alcohol should cease just before the moment when it becomes imperative to tell the boss exactly what you think of him.
- Romance – the company does not maintain a "what happened at the party stays at the party" policy. Please exercise the utmost discretion when groping in public. Managers who feel obliged to get it on with a junior will be asked to secure a room upstairs. Please note, room charges are not an allowable expense.

Mentor me

Mentoring must be respectable as the Institute is now running articles on it. They even suggest a link between mentoring and networking, which is pretty radical. I rather like the advice:

- Consider whether your personal assistant is up to the job
- Go to one live event per month with your partner
- Do not miss any school plays or parents' evenings
- Take your holidays
- Have nothing to do

Apparently, by doing the above, you will articulate your aims and your shortcomings, achieve the right work/life balance and also be forced to do the necessary delegating that frees you up to operate on a wider, more strategic level. When can we all start?

www.ewiglobal.com

Disclaimer

Today, real men moisturise. They are happily buffed, toned, waxed, peeled, scraped, gelled and scented on a regular basis.

They probably even do Christmas shopping.

- Testiculating - waving your arms around and talking Bollocks
- Blamestorming - sitting around in a group, discussing why a deadline was missed or a project failed, and who was responsible
- Assmosis - the process by which people seem to absorb success and advancement by sucking up to the boss rather than working hard
- Stress puppy - a person who seems to thrive on being stressed out and whiny
- Percussive maintenance - the fine art of whacking the crap out of an electronic device to get it to work again

Bill on board

Belinda Mitcham joined the firm in September. Her primary role is to assist Sue with work on accounting systems. She needs a character name. Tall. Dynamic. Not to be argued with. Ideas to bullybroads@chrisduckett.co.uk

Disclaimer

Pragmatic courage: Courage is essential to great leadership, but timing is everything. We prefer that executives display courage only in the face of certain success. The demonstration of courage at other times has been deemed "high risk" by Legal.



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