

Issue  
**33**

Spring 2011



Published by  
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# Account

## Two exciting developments at HMWca

We are delighted to announce that, over the past two months, two of our people have qualified as chartered accountants.

Rachael Peckings  
(nee Holmes) is  
now a Chartered  
Accountant.



This means that we now have five qualified Accountants at HMWca, three Chartered and two Chartered Certified - all at your service.

While naturally delighted to announce that we have had two of our people qualify in this way, credit must go to both of them. They have endured a great deal of hard work and a lot of time away from their home base, working at numerous colleges over the past four years.

and  
Ben Houston is a  
Chartered Certified  
Accountant.



In fact the above headline needs correcting because there are actually not two but three developments to announce. Rachael is expecting her first baby and so she will head off for Maternity Leave sometime in August this year.

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## Will Writing

Readers will recall that HMWca acquired the practice of Tactical Tax Planning last year and one of the clients we are now happy to work for specialises in Will writing. He is Graham Knapman and he provides a number of related services, especially including setting up Powers of Attorney.

He has kindly offered the staff at HMWca a 10% discount on what is already a fixed fee (we have a schedule of his fees for you to inspect in our boardroom) but he has very kindly agreed to extend that 10% discount to clients of HMWca until 30 June 2011.

It is so obvious that not just clients but all of us tend to stick our heads in the sand over this sort of thing. To try to help you take action over this (if action you need to take) does the idea of a fixed, as well as discounted, price interest you? If so Graham is on 01752 491356.

It would be wrong to specifically vouch for his service but if others at HMWca are already using him, that shows that we rate him highly.

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## Did you know

that you have the right to speak to a UK person when you call a company for a service or whatever?



This can be useful if you simply cannot understand the person talking to you.

Any time you call a company about a problem with a credit card, bank account, computer, product, etc and you are answered by a person in a call centre abroad, try this:

As soon as you realise that the customer service person is not in the UK (you can always ask if you are not sure about the accent), please very politely (**very politely**)

- this is not about trashing other cultures) say, 'I'd like to speak to a customer service person in the United Kingdom.'

The rep might suggest talking to his/her manager, but, again, politely say, 'Thank you, but I'd like to speak to a customer service person in the UK ...'

You will immediately be connected to a rep in the UK ... It only takes a few seconds to have your call redirected to the UK .

A few months ago my wife and I had tremendous problems with Tiscali. If only I had known we could insist that someone in the UK dealt with our woes, they might have lasted just days rather than months.

## Business Year Book

A few years ago a client of ours asked us if we could add a Business Year Book to our list of books; something that tells a businessperson, in (probably) checklist format, what his responsibilities are in a whole range of areas. These might include things like Employment Law, Health and Safety, Data Protection, business valuation, marketing, specimen employment contract, a short chapter on understanding accounts, something on selling a business etc. The list of possible contents is endless.

Well, we have now been commissioned, with others, to write such a book and, as we gather material, if you have any ideas of chapters we must be sure to include, please let Ashley Smith know.

## More on Gold



A 1558 gold sovereign



Four and a half centuries later, a 2008 gold sovereign

In response to the interest shown in the article about investing in gold in the previous edition, and the questions raised by clients, we have invited our friendly expert, Nevile Gwynne to write some more on this topic:

'As some readers may remember, some notes by me on the subject of gold as an investment were published in the last issue (number 32) of *Account*. It has since then occurred both to Mr. Williams and to me that it would be as well for me to add some supplementary information, to make sure that, in total, I have given a sufficiently clear picture for all practical purposes.

### 1. In what form to buy the gold.

At least for British taxpayers, English gold coins are clearly the *only* choice. By contrast with non-British gold coins and with gold bullion, they are completely free from capital gains tax. Along with gold coins of all other countries, but not always with gold bars, they are also VAT exempt.

People who were to buy and sell gold in any form very frequently might become classed as traders, and therefore enter the income tax net.

It is, however, unlikely that any of the sort of investors in gold that I have in mind will want to trade in it in this way. First reason: as I made clear in the last article, gold should be seen as a defensive, protective investment, rather than as something to let go as soon as it rises in price. Second reason: there is a fairly wide gap between the buying and selling price, and, while this is of negligible importance over the long term, it means that gold bought for physical ownership is not really conducive to 'churning'.

One can of course trade in gold without taking delivery, as, for instance, through the so-called exchange-traded funds (ETFs). I do not, however, recommend that. In the first place, I am *not* recommending gold on the basis that it is certain to go up in the short-term. As to that, I simply do not know, and indeed I am only mildly interested. The purpose of buying gold, as far as I am concerned, is strictly as a long-term, protective investment, principally as a hedge against the raging inflation which has seemed to me inevitable - and fairly soon - ever since governments worldwide have started the - dishonestly titled - 'quantitative easing' policy. (Adding gratuitously to the money supply as is being done is intrinsically

## Where does tax come from?

Did you know that the top *one* percent of those paying income tax, account for 24% of all income tax raised!

In our book *Tax Answers at a Glance* we show the make-up of government expenditure last year. You will recall that the government deficit was £163bn leaving £541bn as the sum raised from tax.

So where does this tax come from?

£bn	
155	Income tax
104	National insurance
83	VAT
51	Corporation tax
26	Fuel duty
25	Council tax
24	Business rates
17	Fags and booze
14	Stamp duty
5	Capital gains tax
3	Inheritance tax
34	Other
<b>£541</b>	<b>Billion</b>

It's interesting to see that Capital Gains Tax raises *less than one per cent* of the total tax bill.

It's a tax that successive governments have toyed with scrapping altogether and it's easy to see why.

But it, like IHT, certainly hogs a lot of headlines for its diminutive tax take.

This is how earners generate income tax:-

% raised	Earners
24	Top 1%
29	90-99%
35	50-90%
11	10-50
1	Bottom 10%

So the top ten percent of earners generate 53% of all income tax. A sobering thought.

*Thanks to Tim Hextall for this article.*

dishonest, because every pound added is proportionately diminishing the value of the pounds in existence, and therefore consists of stealing - yes, stealing - from those who possess them.) In the second place, it is never possible to know *for certain* that such funds actually do possess the physical assets that they claim to possess.

### 2. The choice in British gold coins.

There are three British gold coins: the sovereign, which of course originally represented £1, the half-sovereign and, as of fairly recently, the quarter-sovereign. Double-sovereigns (representing £2) and quintuple sovereigns (£5) have also been struck at various times, though not recently. The smaller the coin is, the higher is the premium over the price of the gold content (and all gold coins are at a higher premium over the gold-content than gold bars are). People making a substantial investment would therefore want it to be mainly in sovereigns rather than in either of the two smaller coins. The latter do, however, have the occasional advantage of enabling one to buy gold with less money than one sometimes might have conveniently available. They also they make nice presents at less cost than one might want to incur in some cases.

### 3. A little bit of historical background.

There is something genuinely romantic about sovereigns. They were first issued as long ago as in 1489, for King Henry VII. They were discontinued in 1604 and replaced with various other gold coins such as the guinea, until production was finally restored in 1817 - since when production has never ceased.

### 4. Where to buy it.

This is definitely an important matter, because, there are quite a number of fake gold coins around. Fakes are, for instance, quite common at eBay. I have no hesitation in recommending one dealer and one dealer only:

John Haynes & Co.  
Castle Court  
6 St. Michaels Alley, The City  
London EC3V 9DL  
Telephone 020 7621 0358

They are principally jewellers, and, as the address indicates, they are in the City in London (four or five minutes' walk from Bank underground station). For some years, they have been the only people I deal with. There are just three who work there, and they are extremely

nice and utterly trustworthy. Those who want to make purchases can either go there with cash, or send a cheque for an amount to buy what is wanted once the cheque has been cleared, with a view to picking up the coins or having them sent. They deal in all the gold coins and also in gold bullion.

### 5. Where to store it.

Not, *not* in any of the normal places for investments-safe-custody, such as with dealers or in bank safe-deposit-boxes. Emphatically, such purchases should be kept at home - under the bed, in a teapot, buried in the ground, wherever. You do of course need to trust one or more trustworthy family-members or friends with the information on where it is kept. During the course of history, considerable quantities of gold have quite certainly been lost - in many cases for good - as a result of being 'hidden away' and with the owner having then died or having even forgotten where he or she hid them!

Once again we include this because we think readers will find it interesting. However independent professional advice must be sought before taking any action.

## Proposed cuts to the National Health Service

The British Medical Association has weighed in on the new Prime Minister David Cameron's health care proposals.

**The Allergists**  
voted to scratch it, but the **Dermatologists** advised not to make any rash moves.

**The Gastroenterologists** had a sort of a gut feeling about it, but the **Neurologists** thought the Administration had a lot of nerve.

**The Obstetricians** felt they were all labouring under a misconception.

**Ophthalmologists** considered the idea short-sighted.

**Pathologists** yelled; 'Over my dead body!' while the **Paediatricians** said, 'Oh, Grow up!'

**The Psychiatrists** thought the whole idea was madness, while the **Radiologists** could see right through it.

**The Surgeons** were fed up with the cuts and decided to wash their hands of the whole thing.

**The ENT Specialists** didn't swallow it, and just wouldn't hear of it.

**The Pharmacologists** thought it was a bitter pill to swallow, and the **Plastic Surgeons** said, 'This puts a whole new face on the matter....'

**The Podiatrists** thought it was a step forward.

**The Anaesthetists** thought the whole idea was a gas, but the **Cardiologists** won out because they didn't have the heart to say no.

## Jacky O'Donnell retires

2010 ended on a sad note for us, namely the retirement of Jacky O'Donnell after 26 years on the front desk.

Jacky joined us early in 1985 when we were still based high in the mists of Dartmoor. As I think all who have visited us during her long and patient sojourn with us will agree, she was not only highly competent, she was also great fun. (Thinks: I mustn't talk about her as no longer being alive but the hole her departure has left at HMWca is such that it's easy, when talking of her, to drop into the past tense – such was her contribution to this firm)

If you visited us or phoned us the chances were that Jacky would be the first person you would encounter. This not only shows you just what an important position she held but it also means that hardly any of our clients would fail to know her.

I really want to say two things about Jacky. The first was when she adopted (one could say took over, indeed took charge of) the new way we started answering the phone.

I had been on a course where we were told just how important it is to answer the phone correctly – and how few businesses get it right – and could see that we should change at once to the better system. Now, picture yourself coming back to your place of work and thinking 'How on earth am I to get our people to change the way they answer the phone?' I mean talk of teaching your grandmother to suck eggs! Why should I, having simply been on just one course, dare to tell our receptionist that her training had all been wrong? None of us like change and having to change something as basic and instinctive as the way

one picks up the phone is probably one of the most difficult changes to have to adapt to.

Now the odd thing is that I do not recall summoning everyone to a room and telling them (instructing them) in the new system. But suddenly, I found

Jacky adopting the new way and showing the rest of us how to do it. This shows that Jacky was (sorry, is) a person who can see what needs to be done, who naturally takes charge, who gets on with what has to be

done and who does it brilliantly. So brilliantly that it leads to point number two...

Three years later we were nominated for a Daily Telegraph national customer service award. Answering the phone properly is at the very heart of what customer service is all about and, thanks to Jacky, up to London trooped Jacky, Mary Huggins, (who, as you may recall retired a couple of years ago after an even longer stint chez nous) Tim and I. The very idea of possibly winning an award in London was excitement enough but not so much as being told we had actually won it.

But any self-congratulation I might have felt on receiving this award was dispelled an hour later when we were talking to the judges. One of them said to me, quite sternly, 'Don't *you* go thinking that you have won this award. Don't **you** go taking the credit, Hugh. It's people like Jacky who have won it for you.' Which of course was totally true.

Thank you, Jacky, you have been a real star.

