

Have you heard about Kulula, a low-cost South-African airline that doesn't take itself too seriously?

They make an effort to make the in-flight "safety lecture" and announcements a bit more entertaining. Here are some real examples that have been heard or reported:



"Thank you for flying Kulula. We hope you enjoyed giving us the business as much as we enjoyed taking you for a ride."

And from the pilot during his welcome message: "Kulula Airlines is pleased to announce that we have some of the best flight attendants in the industry. Unfortunately, none of them are on this flight!"

Weather at our destination is 50 degrees with some broken clouds, but we'll try to have them fixed before we arrive."

As the plane landed and was coming to a stop at Durban Airport, a lone voice came over the loudspeaker: "Whoa, big fella. WHOA!"

and

Heard on Kulula 255 just after a very hard landing in Cape Town: The flight attendant came on the intercom and said, "That was quite a bump and I know what y'all are thinking. I'm here to tell you it wasn't the airline's fault, it wasn't the pilot's fault, it wasn't the flight attendant's fault, it was the asphalt."

A disaster avoided (just)

For some weeks I have had dreadful problems logging onto my Lloyds bank account. I have spent some hours (literally) talking to their helpline, setting and resetting passwords etc, only to find they didn't work the next day.

Naturally I blamed the bank and their inefficient on-line system and got cross when they sent me a letter saying that too many wrong passwords had been entered so they had suspended my access to the service, when in fact they hadn't.

One day recently, as I was logging on (successfully for once) they said that I should call a certain number to confirm a new phone number that they had been given. Now the previous day I had made an on-line transfer and waited for the bank's automatic phone call to accept the code number on my screen, but it never came. Odd, I thought; so I tried again and it worked the second time.

So when I saw this request to confirm my "new" phone number, I thought "Oh that bank – it's being inefficient yet again!"

But I did call to confirm that I had NOT given them a new number, whereupon they told me that, if that's the case, for the past few days someone had hacked into my account.

This unknown crook – it seems to be a "she" – had three times tried to get an overdraft facility, but been caught out in time. She had then set up a £10 transfer from my account to a Barclays account (I left Barclays nearly 20 years ago, so this clearly wasn't a payment to me) and that was pending and would have been made within a few days.

So the bank had stopped that, or we thought they had, but a few days

later, and after passwords etc had been changed, she got into my accounts again, made transfers successfully between deposit and current and had put in a further transfer of nearly £2,000 from my current account to a Miss Hiorns. (Hence my suspicion that this must be a lady crook)

Once again the bank smelled a rat and asked me to confirm that I had authorised this payment.

As a result of all of these worrying developments I was put in touch with the fraud people in Lloyds who were very helpful, and reassuring, telling me that I had done everything correctly and that they have now made my account secure again. (Well we hope so!) And, of course, we hope Miss Hiorns will be for the proverbial high jump.

The lessons I have learned from this?

1. If you have persistent problems logging on to your bank account, it may be a sign that someone is trying to hack into your account. So don't kick the computer, call the bank; don't blast off about them as I was!
2. Always log onto the bank via the web browser at the top left hand corner of the screen. Do not keep your log-on details as a "favourite".
3. Change your passwords and memorable information regularly (I got brownie points from the fraud people for changing them the day before and have now made an Outlook note to change them weekly.) This is a bit of a bore but it's a case of needs must.

I think these problems relate only to personal on-line banking because our business accounts are protected (I trust) by using card readers.

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Account

A kind former client of Tactical Tax Planning gives us the thumbs up – for which we are very grateful

Dear Hugh

As a former client of Tactical Tax Planning Ltd, I have noticed that HMWca does business in a different way, and I imagine that other clients of that former practice will also have been surprised by your different method at first. Now that I understand it, however, I would like to say how much I appreciate it.

Not only does up-front quoting and up-front billing give both parties the chance to strike a deal, if the client is unhappy with the proposed fees – and how much nicer it is to get it all agreed at the outset – but the way you do business means that, if ever I phone up for advice, I can do so knowing that, unlike other firms, I am not being charged for this as it is included, which I find very reassuring.

In addition, I like the fact that your method of billing means that what you do is guaranteed with us, the clients, being the only judge as to whether we ask for a refund of fees or not. This is not only very fair and clear, but also how I like to do business myself. My guess is that more and more former TTP clients will be happy to convert to your system.

Thanks for the great service, and also for the time you took last week to explain in person how it all works – much appreciated!

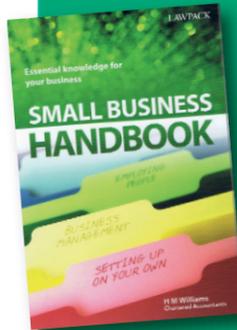
Yours sincerely

Lucy Mackay

Thank you, Lucy. What you say is much appreciated too!

Small Business Handbook

We are delighted to announce the publication of our latest book for hard-pressed business clients.



This one has been written at the suggestion of a client of ours who said that he wished there was a book that gave, in simple

terms, not only the laws and regulations that a businessman has to abide by - be it business law, employment law, insurance, etc.; but also tips on how to interview new staff, how to value a business, etc.etc.

So this book is our attempt at putting it all in one volume and it comes with over 50 tips, templates and checklists to help you manage a business.

In fact writing this book has been a tall order, because there are SO MANY rules and regulations that we can't hope to include them all in our first edition. However, if it sells and Lawpack go for a second edition, we'd be grateful to learn from our clients about any omissions that we should rectify in a second edition.

We are giving five copies away free to clients who pay their bills on time.

Beware the maturity spike

Here's a question for you: are you about to be impaled on the maturity spike?

The banking system is set for a rush of companies looking to renegotiate facilities, and those that leave it late may find themselves on the sharp end of some very difficult negotiations.

The banks face a huge increase in demand for refinancing in 2012 when £34bn of facilities will be up for renegotiation in what has been dubbed "the maturity spike".

Following the credit crunch many facilities, from around 2009, were granted only on a three-year basis. This means that many deals will reach maturity at about the same time, 2012. In addition, many businesses have held back on capital investments during the recession and have instead focused on reducing debt.

As the economy recovers they will have to start reinvesting and asking for more facilities, putting even more pressure on banks. And changes in banking regulations mean your local managers cannot be as open-handed with facilities as they were a few years ago – as if we didn't know.

But those who return to the banks will find the terms on which they took facilities out just a few years ago could well have changed dramatically.

This is not all. The basis on which lots of facilities were built has also changed: Many term loans and overdrafts were secured against commercial property, but the value of "comprop" has declined over the past few years, as have the multiples on which banks are willing to advance cash on buildings. Don't assume the old days of just turning up to your bank and being able to easily renegotiate your facility still hold. They are gone.

For businesses that are canny enough to start moving now, and renegotiating terms before the spike and before those that choose to renegotiate at the last minute, the next few months may hold some opportunities. Most pundits argue that the time to pick up the phone to the bank, irrespective of when your facilities are due to mature, is when you have finished reading this article.

Snippets



Sign seen on a repair shop door.
WE CAN REPAIR ANYTHING
(Please knock hard on the door – bell not working)

Sign seen in a safari park
Elephants please stay in your car.

How long should you keep your PAYE records?

The HMRC website advises that PAYE records only need to be kept for the current year and the three preceding years. However, it then says that businesses need to keep their records for 5 years after the normal filing deadline. Nothing like consistency!

Having discussed it with an HMRC person who conducts PAYE inspections, she recognises the confusing message and feels that we are safe to dispose of payslips older than three years, but she recommends that we should keep summaries for the weekly or monthly pay periods, and of course the year-end paperwork for 5+ years.

Don't incorporate on the cheap!

It can be tempting to buy a limited company off the shelf at a bucket shop for a knock down price, but, if tempted, do you know about the pitfalls?

First of all do you really need a limited company in the first place? They are expensive to run; they need to be managed carefully and the money they make does not belong to the owners; it belongs to the company, which is NOT the same thing. An Incorporation bucket shop will not give you impartial advice; they will be keen to supply you with a company and precious little else.

Next, many business people who think they need a company, don't understand what they can get it to do nor do they understand how it actually works. A bucket shop does not provide that sort of training nor handholding.

Then, once you have got your company, you need to issue shares; to set up the Statutory Books; to inform HMRC; to register the company for PAYE; to register the company for VAT and with the Information Commissioner. A bucket shop will not do any of that for you, unless you pay for the top package. Then you will get some extras but, all you tend to get is "more stuff in the box" that they send you – you will not get the individual attention that you need.

Lastly, as we have seen happen, if the existence of this company is not brought to our attention because the client has done it themselves and not told us, it is terribly easy to miss the first deadline for filing the accounts at Companies House and, if you do that, there are steep penalties which escalate alarmingly if the failure is not put right at once.

So, if you are incorporating a company, please come to us for help and proper impartial advice. If you really do need to form a company and we do it all for you properly, it will cost you a lot less in the long run.

What do the following have in common?

- The shares of a large limited company (C&C) falling by 15%
- Credit Suisse being fined £5.6 million by the Financial Services Authority.
- Magellan Fund overstating its earnings by \$2.6 billion and then missing paying a promised dividend,

and

- TransAlta underbidding an electricity-supply contract by \$24 million?

The answer is that these disasters were all caused by simple spreadsheet errors.

Indeed I recall just over 11 years ago a sum in one of the schedules we were preparing in the office refusing to add up correctly. The total was always exactly 2,000 more than it should have been. Until we spotted that we were adding in the date at the very top of the column. We had not installed an automatic check-cell to ensure that the total was indeed correct.

Yes, spreadsheet errors are a trap for the unwary. With so many of us using spreadsheets to keep our financial records, we should always remember to install a means of checking that the figures, and especially the totals, are correct.

If you need any help with this, let us know.