

Gordons Knight

{ Common Mistakes to Avoid when Choosing an Accountant }

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Three Keys of Good Tax Planning

1. Tax plans must be easy to understand and quick to implement.

If tax plans are difficult to understand they may well be difficult to get right. If they take a long time implementing then they will cost a significant amount of money. All of this erodes the potential tax benefit that you the client will receive. As a result quick and easy rules the day.

2. Tax plans must be legal.

The last thing you need in business is to be the subject of an inland revenue investigation which could easily cost you not only thousands of pounds in legal and professional fees but huge amounts of time, stress and worry. All of these take your eye off the ball which is to run your business profitably.

3. Tax plans must be low cost.

This is relative of course and the cost should be looked at in terms of the benefits of the plan.

For example, if you could save £2,000 from taking on a tax plan and it would cost you £1,800 to put it in into place. To my mind it would simply not be worth doing with such a small margin.

On the other hand, if the tax plan was worth £2,000 it cost only £1,000 to put together, then clearly a 100% return on your money is clearly worth doing, and typically you would get the £1,000 benefit the following year usually without the full cost year after year.

Mistake # 1

Danger: Beware unqualified accountants

Unlike most professions the term accountant is not protected at all, and this is of detriment to you, the consumer, and to us in the profession. Think about it for a moment. How safe would you feel going to a doctor not knowing whether they were qualified? How sure would you feel that they had diagnosed you correctly, that they were going to give you the right treatment or the right advice?

The same goes for a solicitor. Imagine you had a tricky legal position. Something that threatened your home or your family. How would you feel going to a solicitor not knowing whether they had passed their law exams? Could they identify your problem and give you sound advice to safeguard your home or your family? Can you imagine someone who had just spent two or three weeks in college studying a little bit of law, or training on a piece of software, putting up a sign outside their office or house saying they were solicitors? You'd be horrified wouldn't you?

However in accountancy, anyone without an accountancy qualification, even without a GCSE in accountancy, can call themselves an accountant. That makes it *really* important for you to check the person's credentials. Now, clearly I'm a little bit biased, because I'm a qualified chartered accountant. I *know* what exams I had to pass. I *know* how many years I had to study and how many years I had to serve an apprenticeship ... gaining knowledge and hands on expertise from people who would have had many years of experience behind them. I *know* how long it took to learn what things to look for, the problems to watch out for, how to advise clients, how to understand what a client is experiencing in their business and how to help them develop their business. More importantly, since qualifying, I've spent many hundreds of hours developing my skill. Now, being a qualified accountant, I do have to spend at least 125 hours a year in a professional development: developing my knowledge; keeping up to date; reading case studies; knowing how the law is

changing; developing my technology...these are some of the requirements to qualify and remain a professional chartered accountant.

Unqualified accountants have no such requirements.

In fact, I go far beyond that. I spend at least **1250 hours** a year ... 10 times the required amount, studying business, tax, accounts, business principles, marketing principles, because I see it as my responsibility to **help clients grow and protect their business.**

My definition of a client when you join me is a business person that will be under my "**care, guidance and protection**". That's why I have clients, not customers. My clients are all under my care, guidance and protection. If you choose a business accountant like me as your accountant, you know exactly what you're going to get ... you know you won't get just a number cruncher ... you'll get someone who understands business from marketing and sales, to customer care, through to tax, accounting and VAT. You'll get someone who understands a lot about your business, and a lot about your position, in a way that will help you develop your business.

So find a qualified business-minded accountant.

Mistake # 2

Look out for accountants who don't make you feel comfortable, especially at times of stress.

Importantly, you want to find an accountant you get on with. There are many accountants ... in fact, do you realise there are over 16,000 accountants in the UK?

Given that you have plenty of choice, all I ask is that you find one that you get on with. Find one who sounds like they know what they're talking about. Find one who you would be happy having a conversation with on any subject. Find one who you feel is friendly enough to talk with over the phone, to get some advice, because you will need advice on a fairly regular basis.

In business you'll have countless challenges. For example ... **an investigation notice** from the Inland Revenue! If a client is under investigation they usually experience stress, fear and uncertainty when the letter arrives from the Inland Revenue. However, when they call a hard nosed accountant like me who can talk them through the investigation ... what's involved ... how it will be handled ... how it will be taken care of ... how the visits and interviews will be handled... how they will be guided and advised to ensure there's minimal disruption for their business ... with the minimum amount of pain and inconvenience ... once they know this, they relax and go back to running their business, because they trust us to help them run the investigation and protect their interests..

Many forward thinking professional accountants even cover you against an Inland Revenue investigation. For a small fee, all our professional fees up to £10,000 are covered if you have an investigation. Peace of mind for a small price.

Mistake # 3

Avoid accountants who use jargon.

So, you need an accountant who you can get on with; who you feel is approachable, because that is so important. As clients are under my **“care, guidance and protection”** then clearly I would want to get on with them easily to make sure that they and I can talk freely. That’s linked to finding an accountant you understand. There’s no point talking freely if my client doesn’t understand what I’m saying. Many accountants talk using jargon. They will assume you understand accounts. They may believe you understand tax and tax planning. They may believe you understand technical terms, and often that’s not necessarily true.

Whether you’re familiar with accounts or not, why talk in jargon when you can communicate easily in normal language? When I chat with my clients they understand what I am saying easily. If you are to take advice as a client, you need to understand that advice. There’s nothing more powerful than plain, simple English, is there? Plain simple English ... you’ll take in the advice and then you’ll be able to make a judgment giving you the best chance of making good, informed decisions. Just think, if you had been given a load of advice in jargon ... you’d be following something you didn’t really grasp -- and that can only be bad news.

Remember, knowledge is power -- and that’s what we’ll give to **you**.

Mistake # 4

Never choose Disorganised Accountants

You want to find an accountant whose business runs on clearly defined systems. An accountant who has systems for delivering the accounts, delivering the tax, delivering the VAT, delivering the book-keeping, and so on. It's obvious when you think about it, as accountancy is a very systematic process. Without systems you would rely on each individual accountant or member of staff, just hoping they get it right. A recipe for disaster just waiting to happen.

Now, that might be okay when you're talking to a highly qualified accountant, like myself. Even good accountants have bad days, so why take the risk. Even with 25 years experience, I operate more efficiently by following the systems set up to get my work for you right first time, every time. Because this makes me more efficient, you get a more competitive rate for the quality of skill and expertise you receive. Get the idea?

Many accountants have juniors to do some of the number crunching as do most accountants. As you can imagine, without systems, this would be inefficient and dangerous. For that reason good professional business accountants have very clearly defined procedures for preparing a set of accounts, VAT returns, Bookkeeping and all other services. There are checklists for every step to make sure that the accounts are done right ... to make sure they're done in such a way that they end with the right information in the right place at the right time.

The same process is true for tax saving and tax reduction advice. It simply takes the uncertainty out of getting the job right every time.



Look around the office, does it look organised or messy? Are the staff polite or stressed? Is your interview or meeting structured or disorganised.

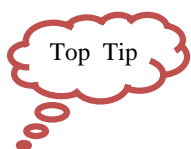
Mistake # 5

Refuse to work with an accountant that does not offer written guarantees of fast turnaround times.

One of the benefits of having the systems described earlier is that these accountants are able to deliver services very quickly and efficiently. Because of the systems developed, you can receive your accounts - typically - in less than 15 working days. More importantly, if you have an emergency ... say for example you needed a mortgage and the mortgage company wanted a reference, you would want it quickly. In situations like this you can receive your accounts within five days -- sometimes even less if it is a small business and the records are in good condition.

Now clearly there is a small premium attached to this, but if your accountant didn't have a system you probably wouldn't be able to have the information in five days. The benefit of a system is a dependable, reliable service. Think about some of the businesses you visit. Think about which ones you enjoy visiting. Maybe a restaurant you go to regularly. One of the reasons you'll go to the same place repeatedly is because you know what you're going to get before you even go there. You know it'll be reliable and so there's no longer a risk. We all need familiarity, and we don't want to take risks.

Your risk is eliminated, because all the services you receive are developed and run on systems. This guarantees peace of mind.



Consider the power of guarantees and systems for your business too.

Mistake # 6

Make sure your chosen accountant has proven tax strategies to minimise your tax bill

You want an accountant who can prove they have developed tax strategies. Many accountants, once they take you on as a client, won't even look at ongoing tax reduction. Proactive accountants have clearly defined tax strategies to help businesses like yours. Some businesses start off as a sole trader; move on to a partnership or limited liability partnership or even a limited company. Right now you might not understand the implications of this, and that's where you will need plain English advice to help you make the right decision.

You need to understand how certain advice, using some of these structures, can reduce your tax bill. Once you understand more, you can make your own, informed decisions on how to reduce your tax bill.

Now a few clients may say "we aren't interested in saving £2000 of tax" and that's absolutely fine, if it's true. However, for me for example, it's my duty under my 'care, guidance, and protection' promise to make sure that you are aware of what is available to you. Once you are aware, if you decide you don't want to take up the advice that's up to you. That said, each year many clients follow my advice and have saved anywhere between a £1,000 and £5,000 per year using very simple tax strategies. Our best example to date was a saving (one off) of over £62,000.

A few weeks ago I visited a new client who has been in business for some 24 years and has not been advised on correct tax strategies. This has meant that over that period they have probably paid over a £100,000 in additional tax (that's their figure, not mine)! They could have avoided that pain with good advice. The worst thing about this case was that the tax strategies were available immediately 24 years ago. They were already trading using the right tax structure, they just were not using the right tax benefits within that structure.

Now, that's a complete waste, and they were surprised to hear that it was even possible to save that much tax. In fact, because their accountant had been with them for so long and had not even told them about it, initially they disbelieved what I was saying was even possible! Why would their accountant not tell them that this was even available?

This is one reason why getting a second opinion is often essential.

So, identifying an accountant who has proven tax strategies is critical. When you work with us, we will make sure that we review your tax strategy as if you're a new client each year. This will give you peace of mind that you'll get the right information at the right time, for you to make the right decision.



Have the accountants you are interviewing prepared a written Tax Reduction Tip Sheet to go through with you?

Mistake # 7

Never choose an accountant who does not discuss business growth strategies

You need an accountant who understands business strategies and how to grow a business. Many accountants understand accounts and that's it! They're basically number crunchers. And yes, when you are down to the number crunching element it's a very straightforward business, but that's a tiny part of running a business. It's an important part and no question, but it *is* a small part.

There is much more to running a business.

For example:

- how to structure your business
- how to market it
- how to organise it
- how to recruit for it
- how to set reporting structures
- how to grow it
- how to manage it
- how to build yourself more time
- how to build yourself out of the business to plan it for succession, so that you can sell it, pass it on to your family, pass it on to your staff or franchise it.

There is so much more to running your business than simply producing your accounts. By having an accountant who understands business strategies, you will be in exactly the right place to get the advice you need. This will create a business that's worth much more than one based on haphazard decisions.

So, find an accountant who clearly understands - and can demonstrate they understand - business strategies.



If you haven't written a 5 year business plan with a detailed 3 month element, write one. If you have, and are not using it at least every week, then start now. Every client receives a template we have created to make this easy.

Mistake # 8

Avoid accountants who cannot give you proven marketing strategies to help you grow your business

Find an accountant who understands marketing strategies. Marketing is the starting point of any business. You can have the most accurate accounts in the world, however if you don't understand how to market your business properly, if you don't have sufficient or growing sales, then you don't have a business.

So, you need an accountant who understands the power of marketing strategies, who can understand and help you write a marketing plan, who can explain to you the benefits of having a marketing plan and maybe even a marketing calendar.

With this knowledge, you have the driving force of your business. You will know

- how you generate new business
- how you become successful
- how you grow your business
- how you increase your sales
- how you increase your profit

These are all the things that a good accountant who understands marketing strategies can bring to your business.



Every client has access to our free "How to write a Marketing Plan in 30 Minutes" Guide.

Mistake # 9

Only ever pick an accountant who offers you fixed fees

Many accountants suggest that they offer fixed fees, when in fact they aren't fixed at all. We started offering fixed fees over twenty years ago, and some accountants are still not doing this. When we say fixed fees, we mean fixed. We will quote for a specific piece of work and we will fix our fees based on what you tell us. That is what you should be looking for.

Here is an example of how it works. You tell us how you will prepare your accounting records, for example on excel or in a book or using Sage or QuickBooks or whatever software you choose.

We ask you some questions about the size and organisation of those records and what you will get is a fixed fee for preparing those accounts.

As long as you do what you said you were going to do, we will do what we say we are going to do ... At that exact, fixed fee. No ifs. No buts. That fixed fee is completely fixed. It will include telephone conversations regarding those accounts, and it will include correspondence. It will even include meetings concerning those accounts. If there's one meeting, or there are three, those will come within that fixed fee - that's how fixed our fees are. This is the level of service that you should be offered. If you have to ask for it, leave that accountant well alone.

So, find an accountant whose fees are fixed. It's critical to your business success that you're able to budget for professional fees.

Added Benefits of Fixed Fees

Whether the fee is for giving you marketing advice or strategic advice, all our fees are fixed because that is critical to having a meaningful relationship with you. Let me explain.

If I keep my fees fixed, you do what you say and I do what I say, you get a fixed fee. As a result you're going to trust me. Because you pay the fee on time, I'm going to trust you. This means that you'll feel completely at ease picking up the phone and talking to me and I'll be totally happy to receive your calls and answer your questions. More importantly, I'll feel free to call you when I see a new opportunity for you.

That's the benefit of having fixed fees and creating a positive relationship.

In my newly created firm 25 years ago, I refused to put that obstacle in my clients' way. I want you to call me if you have a query, if you had a good year and you're thinking about doing something to save some tax, call me. We charge absolutely nothing for short exploratory calls, because sometimes that is all it takes to identify a problem or a solution.

History

In the past I worked for a firm offering no fixed fees. Clients would rarely call us because they didn't want to spend the extra £50 for a 15-minute conversation and I don't blame them. Imagine my horror when I went to one client and he'd bought a brand new £45,000 car, just before year-end because he had a good year and wanted to save tax. Can you imagine my disappointment when I had to tell him that he only saved £350? He was completely dumb-founded - completely shocked - and he clearly wished he had called us first.

One case in point is a client who came

to see me just a few weeks ago. In a short conversation we were able to structure the beginnings of a plan to save her over £62,000 ... **£62,000!** Now that's a considerable saving and she was very glad that she called me before taking the action she was about to take. And she was only half an hour away from taking that decision before she made the call! One call and now she has a strategy that will save her £62,000.

When I told her that was possible and we just need to do the plan, do you think she was willing to pay for that plan to save £62,000? You bet!

Remember, find an accountant who offers you REAL fixed fees.

Mistake # 10

Don't choose an accountant that creates a problem in your cash flow by charging you large one off fees

Agreeing to fixed fees is even better if you can have fixed fees *and* be allowed to pay that fee by standing order throughout the year. This means no big lumps of cash going out at inconvenient times. You know how much your fees and payments are through the year.

So, come the end of the year, it's all done and you know that it's taken care of. There are no big lumpy bits of cash flying out ... this helps you keep control of your cash flow and allows forward thinking accountants to offer the fixed fees easily. Because we can save money on debt collection you get an important benefit: we can use that time to offer you the free advice on the telephone whenever you choose. Used 3 or 4 times a year this could be worth £400 to you and may save you huge sums as we discussed above.

So there are big benefits from having interest free standing orders through your accountant because it allows you:

1. To even out your cash flow and
2. To get ad hoc tax and business advice calls whenever you want through the year to make sure you're on the right track.

Find an accountant who includes within their fixed fee their letters, calls and meetings with regard to those fixed fees. I've had many clients who complain that their previous accountant offered them a fixed fee for a particular job but every time they wrote a letter about the accounts, every time they made a telephone call on those accounts, every time they had a meeting about those accounts they were charged extra!

It's unnecessary. If we do the job right using the systems we have in place, we can do your work on a specific budget -- and it's a budget that you agree in advance. Which means that we'll incorporate all the letters, the calls and the meetings that we know we're likely to take.

Now, of course sometimes there are a few more calls than we would otherwise expect. That's part of business ... its part of that trusting relationship. That's the relationship we want to build with our clients: a completely fair, transparent and trusting relationship.

By offering you an inclusive fee for a specific item to include the letters, calls and meetings concerning that job, you know exactly where you stand. There would be no fee surprises because a fee surprise is usually a bad surprise. If it's higher than you expect - and it usually is – then:

- You're going to be upset that you're getting a higher fee than you expected.
- You're not going to want to pay and you may pay reluctantly.
- The accountant will be upset because you've complained about the fee he believed was raised fairly.

What a waste of a great relationship. Now I refuse to have that spoiling the relationship I might have with you. I'd rather have a fixed fee even if sometimes I make a little bit less money because of it. But I have a relationship with you - that you and I trust each other. You will trust me to do the job for a budget. I trust you to pay those fees on time by standing order and that's the agreement. When we have that agreement we have a fantastic relationship to build your business together.

Mistake # 11

Never choose an accountant you can never get a meeting with when you want it

The worst thing in the world is choosing an accountant who is never accessible; who you can never get hold of, especially when you have a problem. Often, when you have a business problem you want to be able to deal with it pretty quickly. You don't want to wait weeks for that person to call you back. So find an accountant who's accessible and who doesn't mind seeing you at short notice. If you want to meet your accountant, find someone who can meet you within a day or so. You don't need someone who's aloof and hard to reach or difficult to get hold of.

If an accountant is so busy because they haven't got good systems then you may have to wait weeks for an appointment. I have an open door and open diary policy which means typically; because of the systems we have established in our business, I am available for you usually either the same day or the next day. This means that if you want to see me you are going to be very close to a meeting.

If you want a telephone conversation with me, you'll get through immediately or I'll call you back within 4 business hours. If you don't mind a call a bit later we can even talk maybe early evening if you are willing to talk on a mobile. If you want to come and see me we can talk at the office or your office whenever you choose by simply making the appointment. I have a reasonably free diary, simply because we have great systems in place, making sure the job gets done right first time, which allows me freedom to spend time talking, advising, guiding, protecting you.

That is the type of accountant you want.



There are always exceptions, holiday time, training courses and tax deadline date. Bear this in mind when making this assessment.

Mistake # 12

Don't choose an accountant with 'airs and graces'.

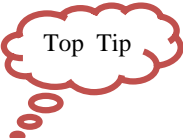
You do not want an accountant who has airs and graces; who believes they are better than you are; who believes that you should understand everything they say and do everything they say. You want an accountant who is like you:

- who sees business as a challenge
- who wants to help you grow your business
- who wants to understand how you feel about it
- who understands how important the business is to you
- can talk to you in a way that you'll understand what's being said ... and in a way that you'll appreciate the guidance and advice

It's so important for you to find an accountant who'll talk to you in terms that you're comfortable with. Explain things to you in a way that you understand clearly.

Consider this document - have you understood what I've said throughout these pages? It's important that you understand exactly what I am saying because knowledge is power and that's what I give you: **the power to make informed choices.**

That is the type of accountant you want on your team.



Top Tip

If you would choose the accountant to advise your mother or grandmother, because of the way they deal with you, then you are on to the right track.

Summary

When you come to sell your business, you'll really appreciate the time spent in choosing the very best accountant for your needs – using all the advice in this guide.

That's why we spend so much time and so much of our budget keeping trained and up to date. We spend a considerable amount of money every year keeping up to date in all areas, including marketing, tax, accounting, technology and selling skills, in a way that we're able to bring that information and knowledge to you. Remember, you ... as one of our clients, are under our care, guidance and protection.

Find an accountant who you believe has your best interests at heart rather than their own. Yes, accountants charge a fee. How willing, committed and determined are they to help your business grow? What are their prime motivations? That's what you must look for. Find an accountant you like. Find an accountant who has your best interests at heart and you'll be a very successful business person. GUARANTEED.

Thank you for reading. I hope these tips have been valuable for you, and that they'll help you identify, interview and find your ideal accountant.

I wish you every success in your business. If there's any way I can help at all ... to clarify things, make things easier for you to understand, or just explain how we can help you, then please give me a call on 020 8241 3000.

To your success,

Gordon D'Silva

Gordon D'Silva BSc ACA

Checklist for choosing a business accountant

- The accountant is qualified by a recognised UK body
- I would trust this accountant during stressful times
- He talked in plain English
- The office and the meeting was handled in an organised way
- I was offered written guarantees for delivery of my accounts etc.
- I was offered a list of tax reduction strategies at the meeting
- We discussed business growth strategies to give me confidence that I could use this accountant to help me grow my business
- I was given marketing strategies to grow my business
- I was offered fixed fees
- I was offered interest free standing order payments
- I was offered a meeting within a reasonable time
- The accountant was down to earth
- I would be willing to have this accountant advise my mother or grandmother
- I am willing to trust the future of my business to this accountant