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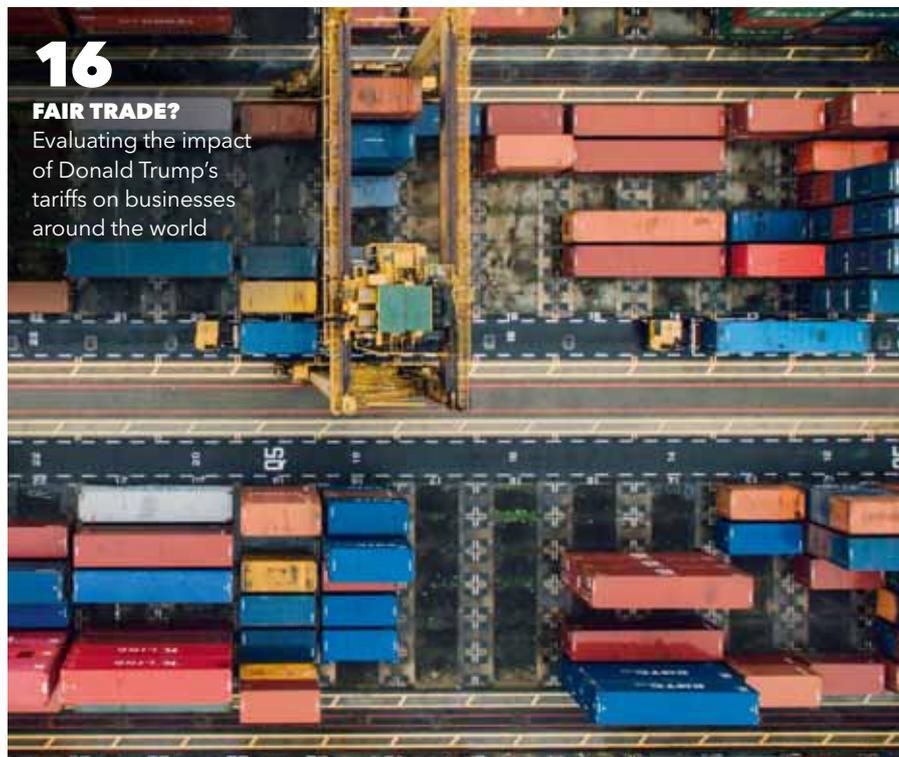
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Evaluating the impact of Donald Trump's tariffs on businesses around the world



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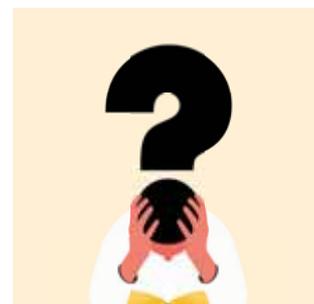
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# Bricks and clicks lesson



The collapse and subsequent takeover of House of Fraser in a £90m deal by Sports Direct owners last month serves as a pertinent reminder of the pressure that many traditional high street retailers are facing from online and discount retailers. The CEO of Retail Economics, Richard Lim, emphasised that overcapacity and heavy overheads are the main reasons for House of Fraser's problems. Online retailers

have the great advantage of very low overheads and can offer much more competitive prices than the high street.

The price advantage alone is not necessarily enough, however, to ensure online sales; this section of the market will face difficulty in the coming decades as competition increases. Luckily, research is available to assist those seeking to improve the online experience. *The influence of flow in hedonic and utilitarian shopping values* (Senecal et al, 2002) is still valid, despite being published some 16 years ago.

Consumer shopping can be evaluated as having both practical and pleasurable elements and other research (Babin, Dadwen and Griffin, 1994) concludes that these two elements are the only drivers for consumer experiences. Senecal takes this further, arguing that shopping can only be compelling if it maximises the hedonistic element of the journey.

He introduces a concept referred to as "flow", which is a state of such enjoyable immersion that they are prepared to pay over the odds for the experience – a good example might be music event tickets. Induction of this state is required to attract and retain customers.

This argument would apply equally to both high street retailers and online ones. Being competent is not enough in itself to woo customers because this is already assumed; rather retailers have to make the experience enjoyable.

Later research (Grewel et al, 2016) argues that online consumers are bombarded with information about goods and that retailers which are able to target appropriate consumers with appropriate products will have the potential to develop deeper consumer engagement. How exactly that might be done will be the subject of research for years to come.

We hope that you enjoy this copy of the magazine. Please email [matthew.rideout@icaew.com](mailto:matthew.rideout@icaew.com) or [robert.russell@icaew.com](mailto:robert.russell@icaew.com) if you have any comments or suggestions about the magazine or faculty output. Have a great month.

**Robert Russell**  
Technical Manager

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Events and webinars are listed in this publication; details can be found on page 7

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## NEWS



## DO YOU WANT FRIES WITH THE CORPORATE REMODELLING?

McDonald's reopened its flagship restaurant in Chicago last month. The 19,000 sq ft building looks more like corporate headquarters than a fast food outlet and bears no resemblance to the iconic Rock 'n' Roll McDonald's that once stood in the same location. The restaurant offers self-order kiosks, table service, mobile order and pay, and delivery, which McDonald's plans to roll out to all US restaurants by 2020. Keen to emphasise its green credentials, the company has more than 70 trees on the ground floor and solar panels on the roof. "We are proud to open the doors to this flagship restaurant, which symbolises how we are building a better McDonald's for our customers and the communities where they live," said McDonald's president and CEO Steve Easterbrook in a statement.

## DO IT FOR THE 'GRAM

When it comes to the social media app Instagram, users want perfect pictures. Capitalising on the trend, US entrepreneurs have set up interactive pop-up exhibits, charging between \$18 and \$45 to snap good



photos. Speaking to NBC News, Cynthia Huang, the marketing director of the Happy-Go-Lucky exhibit, which closed last month in New York City, said: "They will try to capture the best angles to take photos."

## SUPER FLUID COULD RECHARGE ELECTRIC CAR IN SECONDS



Last month, University of Glasgow researchers revealed a liquid full of polyatomic ions, called Dawson clusters, could revolutionise electric cars. The energised liquid can be induced to release hydrogen gas - or directly generate electricity for a battery. A university spokesman said: "One potential benefit is that electric cars could be charged in seconds, as the material is a pumpable liquid. The old battery liquid would be removed at the same time and recharged ready to be used again."



19k

NUMBER OF  
SQUARE FEET  
COVERED BY  
BURGER CHAIN'S  
FLAGSHIP STORE



2,000

NUMBER OF  
PASSENGERS  
SCANNED AN  
HOUR BY NEW  
SCREENING  
SYSTEM IN LA

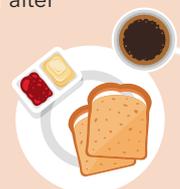
## LOS ANGELES MASS TRANSIT SYSTEM TO USE BODY SCANNERS

The Los Angeles County Metropolitan Transportation Authority announced that it would introduce body scanners across its network to screen passengers for weapons and explosives - a first for a mass transit system in the US. The machines can scan for both metallic and non-metallic objects from up to 30ft away. Additionally, they can scan more than 2,000 passengers an hour. The equipment is being purchased from Thruvision, a UK-based company specialising in mass screening technology. "We're looking specifically for weapons that have the ability to cause a mass-casualty event," said Alex Wiggins, the leader of the transport authority's law enforcement.



## ON A FULL STOMACH

Training on an empty stomach has been encouraged as a way of burning fat faster. However, research from the universities of Bath, Stirling, Newcastle and Birmingham found that eating breakfast before exercise boosts the amount of carbohydrates burned during and after exercising. Researchers analysed the effects of eating and not eating breakfast before exercise. Rob Edinburgh, a PhD student at the University of Bath, said the carbohydrates burned while exercising were not only from the breakfast, but also stored in muscles as glycogen. "This increase in the use of muscle glycogen may explain why there was more rapid clearance of blood sugar after 'lunch' when breakfast was consumed before exercise," he added.



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# EVENTS & WEBINARS

ALL WEBINARS AND EVENTS ARE FREE FOR FACULTY MEMBERS



## EVENTS

[ICAEW.COM/BAMEVENTS](http://ICAEW.COM/BAMEVENTS)

### NEGOTIATING AND PERSUADING

**19 September 18:00**

"To jaw-jaw is always better than to war-war" as Churchill is reputed to have said at a closed meeting with the US president. But poor negotiating skills have landed many in trouble over the years. The inability to influence and persuade others is frustrating and can be counter-productive. David Gillespie will teach the approach to take when wishing to influence others and provide you with practical tips to give you an edge in all your business communications.

To book a place, please visit [icaew.com/bamsepevent](http://icaew.com/bamsepevent)

## WEBINARS

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### 20-MINUTE LUNCH WEBINARS

#### STATISTICS SKILLS IN EXCEL - DISTRIBUTION CURVES AND FORECAST PROBABILITIES

**25 September 12:30**

We go back to basics for this series of Excel statistics webinars offering practical steps on how to make the most of Excel functions and incorporate basic statistical tools to improve your reporting efficiency. Excel expert John Tennent talks us through the use of normal distribution curves and Monte Carlo simulation to measure the impact of uncertainty in financial modelling. This basic level webinar requires no previous knowledge of statistics.

To book a place, please visit [icaew.com/lunchsep](http://icaew.com/lunchsep)

#### MANAGING CURRENCY LOSSES

**3 October 12:30**

Sterling has seen fluctuations of more than 7.5% against the US dollar over the past six months. This has prompted higher business concern over the management of dealing with overseas currencies. This practical webinar presented by Moneycorp will cover the low cost, easy and efficient ways to help

protect against currency losses.

To book a place, please visit [icaew.com/lunchoct3](http://icaew.com/lunchoct3)

#### FINANCIAL FRAUD

**17 October 12:30**

A significant proportion of business fraud is committed on the inside by a member of staff. According to the Association of Certified Fraud Examiners, most internal fraudsters display certain behavioural characteristics called red flags. This webinar, the last in the 2018 series presented in conjunction with the Fraud Advisory Panel, will explain some of the common warning signs that may indicate there is a problem and assist you to detect fraud at the earliest opportunity.

To book a place, please visit [icaew.com/lunchoct](http://icaew.com/lunchoct)

#### BREXIT UPDATE

**23 October 12:30**

Dr Stephen Davies, director of education at the Institute of Economic Affairs, presents an update on the current political and economic situation regarding Brexit and offers a range of probable outcomes of the UK's protracted exit from the EU.

To book a place, please visit [icaew.com/lunchoct2](http://icaew.com/lunchoct2)

### FREE 60-MINUTE WEBINARS

#### BETTER BOARD MANAGEMENT

**2 October 10:00**

Jonathan Boucher of Board Intelligence shares some practical and interesting tips around "the six conversations" your board should be having. In this webinar, he will share where boards spend their time, and how you can design agendas that focus on what really matters. Members of the Business & Management Faculty can view the webinar for free. If you are an ICAEW member, you can pay £25 plus VAT to view the webinar.

To book a place, please visit [icaew.com/bamoctwebinar](http://icaew.com/bamoctwebinar)

### E-LEARNING

#### MANAGEMENT AND LEADERSHIP IN THE DAWN OF ARTIFICIAL INTELLIGENCE

**21-22 November 9:30-11:00**

**From £85+VAT**

Why do so many leaders fail when given the task of managing large teams? They are missing the behaviour traits that every leader needs. This three-hour e-lecture, split over two days and delivered by David Parmenter, will explain how to adopt these behaviours and cover the eight people-orientated and seven personal skills to become a better leader.

To book a place, please visit [icaew.com/leadership18](http://icaew.com/leadership18)



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# THAT IS THE QUESTION

Beth Ashmead Latham discovers what it takes to ask the best questions to help your business thrive

The oil that lubricates good decision-making is information. Finding that invaluable well among your team takes more than just asking questions. It requires really good questions that will stretch their abilities in pursuit of the very best solutions.

Good questions are a common feature among high performers, according to TED Talks by both Dr David Stork, research director at tech company Rambus Labs, and Mike Vaughan, director and CEO of The Regis Company.

Stork references the influential electronic engineer Harry Nyquist, who “drew people out, got them thinking”. Vaughan explains that even when people have more information and resources, decision-making was still impaired by a tendency to guess.

## IDENTIFYING GOOD QUESTIONS

Stork believes the best questions are clearly stated and unambiguous for all to understand with no vague references. His simple example was how to create a Sudoku puzzle: “What is the minimum number of cells that ensures a unique solution?”

This question met Stork’s additional criteria of having a possible solution and a method for resolving it, both of which could improve performance by being useful for other problems. The question also has boundaries (what is the minimum) and gets to the core of the issue. Good, productive questions should challenge and stretch teams without being too abstract or impossible, explains Stork.

This criteria addresses Vaughan’s observation that many questions “surface what is already known”. He adds that top performers ask questions that “inspire creativity, fuel passion and lead to profound ideas” and also “spur people into action”.

For Vaughan, a lot of good questioning depends on wording. Instead of the narrow and pressurised “what should we do?” try opening up options by asking “what could we do?”. Instead of “why haven’t we done this?” consider “how are we going to get this done?”

## PRACTICE ASKING QUESTIONS

In order to reach his good question, Stork set out several and selected the best one. Vaughan encourages this process. Before every important meeting, he says, leaders should write down questions that move the focus away from obvious things, which are easy to answer, into more challenging, unknown spaces. He recommends that executives lead by asking questions that inspire others to think about the possibilities of what they could do, and that makes it worth practising asking good questions every day.



## AVOID AMBIGUITY

Both Stork and Vaughan see ambiguity as a threat. On Stork’s Sudoku example, he described how people may misinterpret the word ‘hardest’ in the question “what is the hardest Sudoku puzzle?”

Vaughan describes how if you ask people “what does growth mean to you?” some might say revenue, others people and engagement, or market share and price, meaning that the question “how do we grow this division by X%?” could lead to conflict. Any part of a question that is not clearly defined can, Vaughan says, be demoralising for the people working to answer it.

## CONSIDER TYPES OF QUESTION

Both Stork and Vaughan work in research environments where they see good questions as essential tools for driving innovation and decision-making. Writing for online publisher *Lifhack*, Mike Martel also suggests that it’s worth considering what type of answer you need: “A factually correct answer, an expert opinion, or a well-reasoned judgement?”

Based on Vaughan’s description of good questions, this could include multiple options – and a reachable solution based on Stork’s methodology.

All types of answer may support decisions, and you may need to address each one before making that decision. It’s the difference between “what is the fact?”, “what do you think?”, “what could we do?” and “what do we need in order to...”. You may need any or all to reach a decision.

## ENCOURAGING MORE GOOD QUESTIONS

There’s another side to good questions. Stork notes that the problem with them can be “that they have answers”. He warns that when you’re keen to begin resolving the solution to good questions, you can miss the opportunity to ask more questions and select the most valuable ones.

This is great news for leaders. It means that the challenge of good questioning is one worth sharing with your team, inviting good questions and refining the resolution to any challenge or project. ●

The quest for the most effective meetings has produced helpful tips on setting expectations early, sending clear agendas ahead of time and briefing contributors. Bringing doughnuts was high up the list too – staff incentives, perhaps.

While arriving five minutes early, sticking to the topic, and sending timely minutes are excellent habits for individuals, the structures that foster good meeting practices are more interesting. For example, reducing the number of meetings, shortening the remaining ones, thus ensuring they are productive.

### GOALS AND COSTS

Meeting outcomes must be clear at the start. Not making sure of this is the fundamental mistake most people make according to Scott Shanks, project manager at IBM with 20 years' experience running programmes for government and corporates globally. Once a goal is set, the meeting must stick to it.

Don't invite too many people with loose connections to the topic, as this clogs up diaries and fills meetings with disengaged people checking emails.

"Ideally you want to try to remove every single meeting from your calendar, keeping the structured ones weekly, and the daily stand-up," says Shanks. Stand-ups are meetings where all participants are standing and are meant to be short in length.

"Often clients spend all day in meetings, not seeing emails until the evening. It's important to understand the financial impact of that," explains Shanks. "As a programme lead, I make sure teams understand this costs money, and ask 'do you really need to be having this meeting?'"

### CLARITY AND FOCUS

Running effective meetings means removing anything that blocks the stated goal. Structure is essential. Shanks operates a system with separate forums to resolve "blockers", keeping them out of big meetings where they could distract from the goal.

The main features are:

**Daily stand-up meetings:** In these 15-minute fixtures, team members

# SOME ASSEMBLY REQUIRED

Constructing the most effective meetings takes a lot more than just arriving five minutes early and sticking to the topic. Beth Ashmead Latham reports

state what they did the previous day, what they're doing that day and anything blocking them. Those who work from home record their contributions on a collaboration tool (such as Shanks's preference Slack) before 9:30am, and email traffic drops dramatically.

As programme manager, Shanks is most interested in helping staff remove the blockers, empowering them to resolve the issue. Describing the stand-ups, which come from agile methodology, as the best thing he's put in place as a programme manager, he says: "If you've got 10 people and each of them emails you with a problem, there's no chance you're going to grasp the whole thing.

"So that daily stand-up is where you raise your issues."

**Ad hoc meetings:** Covering specific issues, these don't need formal agendas,

but do need titles setting the topic and the desired outcome. They should be short. Shanks says: "If you get three or four people on an online meeting for half an hour, you're guaranteed that some of them will be checking their mail or doing something else."

Ideally, these meetings won't exceed 15 minutes and last a maximum of 30, sending the strong signal that the purpose of this meeting is to 'crack on' with the issue.

**Full face-to-face workshops:** Requiring more formal approaches, these are more expensive. They need structured agendas, a clear purpose and definite goals. Shanks keeps people on track by time; if one strand takes up too much time and has the possibility to delay things, he will assign it to another session.

He adds: "It's not often that I don't get





## In meetings with clear goals, you must pull people back from tangents and keep on track. Timing and clear goals are essential

what I want out of workshops, but if you try loading them up too much, then obviously you're going to have problems."

**RAID log:** RAID - which stands for risks, assumptions, issues and dependencies - is a log that underpins the whole structure and crucially keeps sticking points out of meetings set up to focus on something else. In this context, risks are potential obstacles. Assumptions are things you expect to be in place to enable the work (such as staff, materials, skills and sufficient time). Issues are current obstacles or realised risks. Dependencies are the groups providing everything needed to prevent risks or resolve issues.

Dealing with these is extremely important to any goal, but can also derail meetings. When a sticking point threatens to dominate a meeting, the chair can call to move on quickly in the

knowledge that it's being monitored and dealt with in this way. Shanks keeps a comprehensive log of these and holds a weekly RAID meeting aimed at closing them off.

The log articulates items well, with a few sentences describing what each one is, how it occurred and what it affects.

Some of these blockers are dealt with in the daily stand-ups. Others, through more intensive attention, either with clear actions from programme managers, or convening a focused team for an ad hoc meeting. In more complex cases items may be escalated to the board or warrant a subproject of their own.

### THE HUMAN FACTOR

It's not just the set-up of a meeting that you need to work on in order to keep it engaging. The human factor can also

play a part. Tiredness, distractions and bewilderment can all obstruct progress in meetings. To tackle this, you need to do several things.

Keep people engaged. People must know why they are included in a meeting. If some attendees only need to engage with half the agenda, then structure the meeting to give them the option to leave. If a topic is not relevant to certain attendees, they may start checking emails on their phone, or working on their laptop, and this can have a contagious effect like a yawn, leaving a room full of drifting minds.

Rein in dominant characters. In meetings with clear goals, you must pull people back from tangents and keep on track. Timing and clear goals are essential. It's important to keep things rolling so people stay focused.

Give people a chance to prepare. Prep material must come with a clear action. Simply sending it out 24 hours ahead of time is not always sufficient (although this is essential if you want people to engage, and sometimes a greater margin is necessary).

Shanks tells attendees exactly what they are expected to do with the material. They may need to approve something in the meeting, make a decision based on evidence in the pre-read, scrutinise a strategy, or offer solutions to a problem.

This is particularly tricky for senior people with limited time. One option is to hold a (short) pre-meeting to present the material and explain what they're expected to do with it. Consider ways to prepare people to meet the goal of the main meeting.

### WHY USE THIS SYSTEM?

Shanks's approach creates more efficient and workable structures for meetings. It ensures everyone follows the same format together, rather than depending on individuals' good meeting habits. He admits it has been developed over 20 years, and is always evolving.

Stepping back and using some of the features could save others time and money, generating better productivity and greater engagement in meetings. ●

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# LEADERSHIP IN THE ERA OF DISTRACTION

**David Parmenter** explores the leadership attributes that management theorists believe bosses can't succeed without



The immediacy of technology has led to a distorted sense of urgency for many. It has also led to a loss of focus and productivity, as well as a lack of leadership. To make matters worse, management and leadership training - once compulsory - is now a rarity. Talented staff are entering their thirties as highly-paid specialists without exposure to management responsibilities.

Where does this leave my talented 40-year-old friend who works in the finance sector and has just received leadership training, but has not, to date, had any staff reporting to him?

He is not as disadvantaged as one might think.

**LEADERSHIP BEHAVIOUR TRAITS**

In an earlier article for the Business & Management Faculty’s *Courageous leadership* quarterly report in September 2017, I illustrated my belief that effective leaders need to have eight behaviour traits. Subsequently, I have separated these out between those that are ‘hardwired’ and those that can be adopted over time (see Figure 1).

Having discussed the behaviour traits in an earlier article, I want to focus on some of the skills that a winning leader needs to master. From my research into the great leaders and writers in the leadership space, I have come up with 15 leadership skills divided into three groups (see Figure 2).

In this article I want to address the people and execution skills my friend needs to master.

**MASTERING COMMUNICATIONS**

As I wrote in *The Financial Controller and CFO’s Toolkit*, you cannot lead unless others understand your vision. Becoming proficient in communication means understanding the importance of one-to-one communications, spending at least 20 minutes a day walking among your team members, working the public relations machine and mastering the written and spoken word.

In his *Harvard Business Review* article *What Makes a Leader?*, Daniel Goleman pointed out that socially skilled people see networking as vital - money in the bank to be drawn on when needed. They can quickly pull together divergent

resources because they have built contacts who trust them or owe them a favour.

Leaders need to understand the importance of being a good orator, and must put time and effort into delivering a meaningful message. Special coaching and endless practice needs to be seen as an important investment instead of a chore.

**RECRUITING AND PROMOTING**

Management thinker Peter Drucker believed recruiting was a life and death decision to be taken with great care, and that promoting staff was one of the most important decisions for a manager to make. He signalled that great leaders were not afraid of appointing outstanding people to their team; individuals who had the potential to outshine their managers.

Drucker even saw General Motors spend four hours on one promotion. CEO Alfred Sloan explained the process: “If

we didn’t spend four hours on placing a man and placing him right, we’d spend 400 hours on cleaning up after our mistake - and that time I wouldn’t have.”

American author Jim Collins also emphasises the importance of taking vigilant care in the recruiting stage to maximise your chances of recruiting the right people. However, mistakes will be made, and eminent organisations quickly recognise these recruiting mistakes and help the employee move on to more appropriate pastures.

**SELLING AND LEADING CHANGE**

Selling change requires a special set of skills and we all can, and should, improve our ability in this area. Two books have opened the way for us to rethink change.

*The Three Laws of Performance* by Steve Zaffron and Dave Logan explains why so many change initiatives have failed. Zaffron and Logan specified that a person’s performance correlated with

**FIGURE 1: THE EIGHT BEHAVIOUR TRAITS OF LEADERSHIP**

Trait type	Behavioural traits	Nature of trait
People-focused traits	Integrity and honesty	Hardwired
	“Love thy neighbour as thyself”	Hardwired
	Self-awareness and self-regulation	Behavioural change programme can radically improve performance
Execution traits	Abundance of positive energy	Hardwired
	Decision-making and risk taking	Exposure to best practice can improve performance
	Seeing future opportunities	
Handling change traits	Ability to excel in a crisis	Hardwired
	Learning agility	Exposure to best practice can improve performance

**FIGURE 2: LEADERSHIP SKILLS**

People skills	1. Master of communication and public relations 2. Recruiting and promoting 3. Develop and maintain stakeholder relationships
Setting direction skills	4. Selling and leading change 5. Provisioning for the team 6. Develop, engage and trust
Execution skills	7. Valuing results and people 8. Valuing work-life balance 9. Have a vision of your legacy 10. Define the mission, vision, values and strategy 11. Working with the organisation’s critical success factors 12. Embrace abandonment (letting go of the past) 13. Champion of innovation, quality and learning 14. A focus on execution 15. Using your mentors and a safe haven effectively

## Companies like McDonald's have an employee of the month award. Surely, if four staff members have succeeded then they should all be rewarded?

“how situations occur to them”. Furthermore, they illustrated that the organisation’s “default future” - which we as individuals just know in our bones, will happen - will be made to happen.

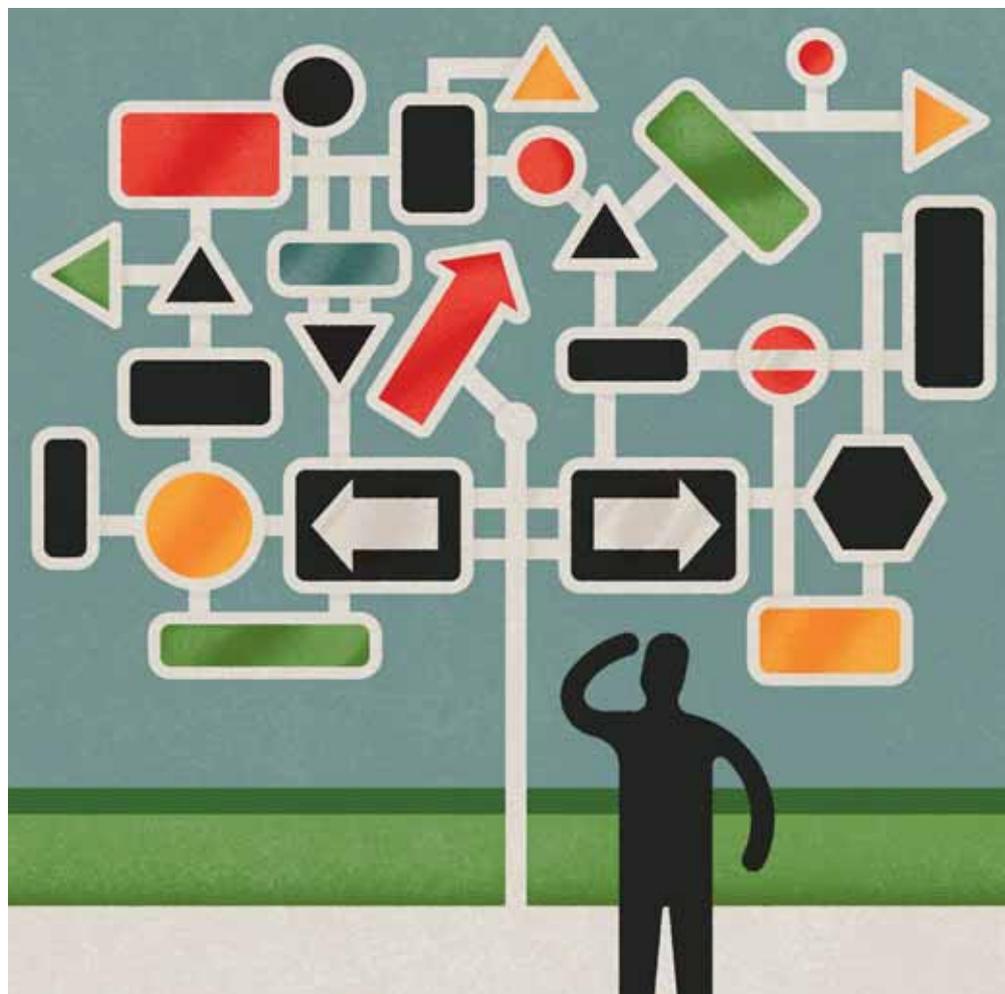
The key to change is to create, in the minds of an organisation’s staff, a new vision of the future. Let’s refer to this as an “invented future”. You then let them decide between the old and the new vision. If you have done the sales pitch well, reminding them of all the carnage from the current way, they will say, “hell no!” Then you ask them: “Do you vote for the status quo?”

In 1996, John Kotter proposed an eight-stage process for creating major change. These stages were outlined in another article published by the Business & Management Faculty, and are strengthened by the inclusion of Zaffron and Logan’s suggestions.

### DEVELOP, ENGAGE AND TRUST

In my white paper, *Winning Leadership - a guide to the top*, I stated my belief that recognition is one of the most important driving forces in performance. But many companies, managers and leaders act as if it must be given sparingly, leading me to believe that there is a tax on recognition.

Companies like McDonald’s have an employee of the month award, which indicates that only one person can achieve recognition at a time. Surely, if four staff members have succeeded then they should all be rewarded? Drucker advocated that it was a



leader’s duty to focus on what staff can do well, and fit tasks around them rather than criticise them for their weaknesses. Capable managers spend time with each member of their team to find out what makes them tick, how they can best lead them, and how they can serve them.

Jack Welch, former CEO at General Electric (GE), and Tom Peters have emphasised the need for the flattest management structure possible. Welch took about 10 direct reports, Peters up to 30. They both saw flatter structures as a way to avoid the silo mentality of large multinationals.

Drucker also believed a leader should ensure there is an able pool of at least three protégés to take over your position when you move on. It is a sign of failure when organisations need to seek leaders from outside. That is why Toyota and GE have always grown their own CEOs.

### VALUING RESULTS, PEOPLE AND WORK-LIFE BALANCE

Drucker was adamant that challenging, achievable goals should be presented to the team. He was, however, equally adamant that they should not be used to beat staff with.

Welch liked to set goals that were beyond what had been seen as possible. By raising the bar so high, staff and management were forced to find new routes to succeed, and often this was achieved. He was also aware of the dangers of setting targets and linking pay to them. He agreed with other writers that it was far better to view performance retrospectively and compare achievements against the market and other teams to ascertain the extent of achievement rather than a predetermined target.

Many senior managers and CEOs have also made decisions that have put their

staff, or themselves, at risk (for example, presiding over a system where staff feel pressured to work long hours and then drive home). But great leaders - the ones you want to work for - seem to make time stand still. They somehow can smell the roses, even when under pressure. They can change the default future so we can see an alternative and be motivated to move in that direction. Insightful leaders work hard when it is needed, thereby seldom working for its own sake.

Management at Netflix and other organisations are challenging the status quo by offering staff as many holidays as they need as long as they still deliver. It should have always been about what you deliver instead of the hours you work or number of meetings you attend.

General wellbeing of staff, as well as health and fitness, are core values that good CEOs pursue vigorously while others merely pay them lip service. Several organisations have initiatives promoting fitness, for example with free step counters to encourage staff to walk during the lunch break, and take stairs instead of the lift.

### ABANDONMENT AND INNOVATION

Drucker frequently used the word abandonment, saying that deciding what to abandon was the first step in a growth policy and that companies should have a “systematic policy” to remove “the outgrown, the obsolete and the unproductive”. He also said abandonment is the key to innovation.

Accomplished leaders know when to cut losses, admit they made an error of judgement, sell parts of their business and move on. The act of abandonment gives a tremendous sense of relief to the leader for it stops the past from haunting the future. It takes courage and conviction and is a skill to be cultivated.

Drucker saw innovation as being fed by his principle of abandonment. The freeing of resources can be allocated to something new.

At GE, Welch wanted innovation to be part of the culture. Workshops called ‘WorkOuts’ were held. During a ‘WorkOut’, groups discussed better practices and would brainstorm recommendations that would be given a “yes” or “no” by the manager at the end. Remaining recommendations had

### FINISH WHAT YOU START

Around the world there is a common problem facing organisations. The desire to start new projects is greater than the desire to complete existing ones. The net result is a growing list of unfinished projects. Some ways you can make a difference in this area include:

- Monitoring all late projects each week and make it career-limiting for project managers to be on the ‘late project list’ on a regular basis.
- Having a projects-in-progress summary and reviewing it at least twice a month, ensuring the projects are finished as quickly as new ones are started.
- Focusing on execution. Peter Drucker said execution was always the benchmark for evaluating a leader. Clearly leaders need to be able to say “yes”, “no” or “maybe”. As Drucker illustrated, capable leaders realise that a decision, even if wrong, is often better than no decision.

### EAT A FROG A DAY

Mark Twain once said that if you ate a live frog first thing in the morning, you knew that the rest of your day would be better because the worst is behind you.

We often dread a task because we either hate it or think it’s impossible. When you wake up in the morning, ask your subconscious: “What tasks do I not want to do today?” Your subconscious will not lie.

Swallowing your frog, or finishing your most dreaded or important assignments first, will give you a productive boost and reduce the number of items that you were worrying about.

a maximum 30-day gestation period before a decision was made. This technique forced decision-makers to try their hand at innovation, allowing for some failure in the knowledge that it would be outweighed by success.

Furthermore, Welch understood that new ventures needed to be managed differently. He always had new ventures reporting at least two levels up the chain, and wherever possible, directly to him. They were given the freedom and support to develop.

### USING YOUR MENTORS AND SAFE HAVEN EFFECTIVELY

A mentor is normally someone older and wiser who knows something about what you are doing, like a retired CEO for example.

Welch observed that it was rare to find all your help in one mentor. It is far better to find a series of mentors who can help you with different decisions. Leaders will have many soul-searching moments during their careers. To cope with the lows you need to have built a safe haven for yourself - a place where you can retreat and recover.

Leaders need to nurture close family relationships and hobbies that offer relaxation and enjoyment. Without a safe haven, leaders will succumb to the sense of failure that can permeate them when all they have in their life is their business and it has gone off the rails.

To the talented friend of mine mentioned at the start, I say all these skills are attainable with a solid commitment, hunger for leadership wisdom, and some timely guidance from mentors collected along the way. ●

David Parmenter is delivering an e-lecture - Leadership in the Age of Distraction - on 21 and 22 November. For more information, please see [icaew.com/leadership18](http://icaew.com/leadership18)



**David Parmenter**, expert in KPIs, quarterly rolling forecasting and planning. He is an international presenter of workshops and the author of four books





After imposing his tariffs earlier this year, Donald Trump believes his strategy is working far better than ever anticipated. But what about businesses across the world suddenly faced with rising costs, supply chain uncertainty and the prospect of renegotiating customer and supplier relationships? Christian Doherty takes a look at tariffs as tools in international trade negotiations

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The threat of tariffs by both the US and China on each other's goods threatens to reverse the last three decades of liberalised trade. As a result, the major trading blocs have begun to reassess their attitude to trade and have readied a series of measures to protect themselves from the threat of escalating protectionism. This may not be a full-scale trade war, but it will do until the real thing arrives.

However, while much of the attention has focused on the machinations in Washington, Brussels and Beijing, the effects of tariffs on the real economy has yet to be truly felt. That may be the calm before the storm, as Anastassia Beliakova, head of trade policy at the British Chambers of Commerce points out.

"The key thing to note is that it's not the business selling the product that pays the tariff, it's actually the importing customer," she says. "For anyone who is used to trading with the US, where your products are subject to a 5% tariff, and suddenly they are subject to 15%, then of course the effect will be negative."

For Beliakova, the severity of the frontline impact of further tariffs will depend significantly on the timing: "It's particularly difficult when tariffs are introduced abruptly because it has a disruptive effect on either a company's cost base or in general on relationships. Although supply chains are integrated, tariffs focus on where goods are imported from, and that cuts across jurisdictions, as well as complicating complex existing relationships."

"In general, we know tariffs haven't been good

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**“There is a need for guidance from government, and that’s really critical now so that the firms who haven’t been thinking about preparing are prepared”**

for consumers,” says Mohan Sodhi, professor of operations and supply chain management at Cass Business School. “If you look at India, which traditionally has been a high-tariff country for imports, Indian consumers did not fair well because they got lower quality products at higher cost in the long run.”

Sodhi’s work has focused on the evolution of supply chains in an increasingly globalised economy – something that has seen him assess the effects of tariffs on a range of markets: “For a big global company it’s much easier to cope: BMW or Renault can shuffle things around; they can play with taxes and look at setting up a local facility that already has a plant in the US; they can change the particular models they make there. There is some cost, but they can do it.

“But the engineering company in Birmingham doesn’t have the same international outreach or the resources to be able to create new offices in Cincinnati, Ohio or in Frankfurt because of Brexit. So they get harmed.

“The big companies are the ones doing the complaining right now, but it actually helps them because it gets rid of some more competition.”

However, even for bigger firms able to rearrange their global supply chains to offset the worst of the effects, it is often unclear where tariffs will apply and at what stage of the sales chain. “And you’ve got the potential for double taxation because the same goods are going back and forth,” adds Sodhi.

“Take China: Chinese firms send billions of dollars worth of finished goods to the US, but the Chinese manufacturers are buying components or outsourcing their manufacture to Cambodia, Vietnam and other countries. In addition, many actually import components from the US.

“In a case like that, where do the tariffs apply? On the US manufacturer of components or the Chinese manufacturer? You really start getting into the details of how much money is involved, and who is putting what tariffs. The result is we don’t know who takes the hit,” Sodhi says.

Not surprisingly, a sudden change in the cost of an imported commodity – or the price of a company’s product on the market – is going to



have significant impact on existing contractual arrangements (the whole point of which is to ensure continuity and visibility over future costs).

**WHAT’S IN A CLAUSE?**

Prior to the general removal of tariffs through the EU and other trading structures, it was common for businesses to insert a gross-up clause in contracts, guaranteeing all payments must be made in full, regardless of any external change in trading conditions. This would entitle the buyer to pass that hit on to customers without prior notification.

“How many companies that have been trading in the EU single market for the past 40 years still have such clauses?” wonders Angus Dent, CEO at peer-to-peer lenders ArchOver, one of many companies now actively marketing themselves to companies that may be in need of bridging finance to mitigate the worst effects of tariffs.

“In fact, if you’re the buyer and have signed such a contract then you may be in for a surprise,” he says. “On the other hand, if you’re the importer and you’ve omitted these clauses as irrelevant for the single market, then you’re the one who will be surprised. Either way, you’ve got a problem.

“If you don’t or can’t pass the cost on to customers, it’ll come straight off your profit margin. Particularly for smaller businesses, that can end up causing a cash flow problem, as well as the long-term damage that reduced profits have on growth.”



Aside from the obvious concerns, Beliakova reports that for many firms the main challenge will be in dealing with the cost of administering their trading relationships in a post-Brexit, tariff-driven economy: "According to the government's own figures, there are 145,000 traders that currently do business with the EU who would be learning these processes for the first time."

Beliakova points out the possibility that many businesses would have to fulfil customs declarations even where no tariffs apply, meaning businesses used to frictionless trade would still have to understand rules of origin and how that has an impact on customs treatment.

"There is a need for guidance from government, and that's really critical now so that the firms that haven't been thinking about preparing are prepared," she says. "Then there's also a need for companies that could provide support, because it's an extra resource that firms would need to take on if they want to have a full-time person dealing with customs."

So far the trade war that Donald Trump has threatened has yet to fully materialise, in part because the global trade system has withstood the shocks dealt to it. But how long that will hold, no one knows. In the meantime, getting up to speed on how tariffs work - and why they represent a clear and present danger - must be a priority. ●

## FIVE STEPS TO TACKLING TARIFFS

### 1

#### **Lock in rates:**

Exchange rates are one of the most visible - and volatile - indicators of the effects of tariffs, so removing the uncertainty they generate has to be a major priority. With the next market shock somewhere around the corner, and deals jeopardised by sudden movements in rates, taking a proactive, safety-first approach could be the sensible move. That means locking in rates with brokers to give at least some visibility and clarity over short-term planning.

### 2

#### **Look to get investment away quick:**

As the political temperature continues to rise amid the febrile atmosphere surrounding Trump, Brexit and the rest, it may be that businesses need to move quickly to implement major investment decisions. That may mean bringing forward projects that might otherwise have languished in the work in progress pile, or binning others that may not survive the stresses of market volatility.

### 3

#### **It's good to talk:**

We're all living with the uncertainty that tariffs generate, but keeping lines of communication open with critical business partners - suppliers, customers, staff - can at least go some way in avoiding sudden shocks. With everyone aware of the pressures that your business might face - sudden rises in costs, for instance - they can

in turn plan for the impact that it may have on them further down the chain. Consider a monthly email updating partners on the business's situation and your views on likely changes. Transparency and timely planning are definitely words to live by.

### 4

#### **Check the chain:**

How robust, simple and effective is your supply chain really? Can it withstand the shock of a sudden imposition of a new tariff on a key commodity or product? The current tension surrounding global trade networks may be tough to cope with, but it may offer a useful opportunity to look at whether your supply chain can be shortened. Are there better local suppliers? Are you too exposed to areas where tariffs may indeed appear? Are there ways to renegotiate supplier terms to protect against any major shocks?

### 5

#### **Get your paperwork in order:**

Although the British Chambers of Commerce (along with most business lobby groups) pushes hard for tariff-free trade, it does suggest that businesses make sure they understand their customs situation clearly. In practice, that means checking every commodity code that the business may carry as well as confirming each EU most-favoured nation (MFN) tariff that is applicable to your product. The key question to ask, the Chamber advises, is this: if the UK and EU fail to reach an agreement on tariff-free trade, what would be the impact of the imposition of an MFN tariff on your cost base?

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# MASTERS OF DISGUISE

The new disguised remuneration tax charge comes into force next April. Jenny Hulme looks at what this means for finance departments



It would be easy for those not familiar with employee benefit trust (EBT) loans to read the headlines and think the tax office has unfairly taken us all by surprise with a retrospective tax charge for these disguised remuneration schemes. Most notable of those headlines is last year's much publicised Supreme Court judgement in Glasgow Rangers Football Club's tax case (see box below).

Nevertheless, whichever way you look at them, and however 'properly' administered, EBT loans from a trust in the UK or offshore to hold cash and/or assets for the benefit of employees have been in existence for a long time. Even if they're out of the spotlight, they have always been seen as a tax avoidance tool. They have worked, historically at least, via companies setting up a trust (as a separate entity) and transferring property into it.

The trustees who ran said trust distributed benefits (cash loans, shares, etc) to employees, usually according to the guidelines of the employer who was able to use them to incentivise employees and attract quality staff. It was quite popular (and so perhaps too easily deemed acceptable) during the 1990s and 2000s for employers to pay bonuses to employees by transferring funds to the EBT. That would then be allocated to employees in a loan, which might or might not have been declared or taxed or even ever repaid during the life of the beneficiary. HMRC has been challenging these schemes for a long time, but in turn a new structure for them was often introduced to avert that challenge.

## Employee benefit trust loans from a trust to hold cash and/or assets for the benefit of employees have always been seen as a tax avoidance tool

Certainly many continued to market EBTs as unchallenged and so an approved form of remuneration.

But the new law and the court's tough line on this form of tax avoidance seems to mark the end of the road for these schemes, leaving companies, trustees and the beneficiaries with no option but to use the time between now and April 2019 to put the matter to bed. Well, at least partly. Experts say it's not fully known yet how this might affect similar avoidance schemes or more mainstream arrangements such as salary sacrifice or flexible benefits.

### HOW DID WE GET HERE?

Finance Act 2011 set out rules ensuring employees were taxed on EBT loans, and there was no refund of that tax even if the loan had been repaid. But the law at that point didn't apply to loans paid out before 2011. What changed - with Finance Bill 2017 - was an ability for the government to pursue that revenue via settlement or through the court on loans outstanding in 2019, and their ability to tax any outstanding EBT loans made since 6 April 1999 on the basis that a non-repayable loan is not a loan but is disguised pay.

The charge - PAYE and national insurance contributions (NICs) - will apply to disguised remuneration loans including those made via EBTs still outstanding (or partly outstanding) on 5 April next year. It's a move supported by the outcome of the Rangers case where payments into the EBT were found to be liable to PAYE and NICs right from the start. HMRC is signposting anyone

### THE BIG TAX CASE THAT PUT A SPOTLIGHT ON EBTs

In July 2017 the Supreme Court, in a unanimous decision, dismissed the taxpayer's appeal in the Glasgow Rangers' employee benefits trusts (EBTs) case, finally bringing to a conclusion a number of years of litigation around EBTs and disguised remuneration (DR).

HMRC had argued that tax-free loans (over £47m) paid out between 2001 and 2010 to Rangers' players, managers and directors should have been taxed as earnings. The football club disputed the tax bill and several tribunals found in their favour (basically holding that the money paid into an EBT by Rangers for

the benefit of employees and paid out as loans that could be repaid was not taxable). But HMRC took the case to the Supreme Court, which last year found in HMRC's favour. HMRC held then, and still does now, that loans made through DR schemes are never intended to be repaid and so are no different from normal taxable income.

One of the key points of the judgement was that income tax is due on money paid as "a reward or remuneration to the employee or a person to whom the payment is made with the agreement or acquiescence of the employee or as arranged by the employee, for example by assignation or assignment". So the Court concluded

that "the sums paid to the trustee of the [EBT] for a footballer constituted the footballer's emoluments or earnings". The fact that these bonuses were voluntary on the part of the employer - they were not outlined or obligatory according to any contract - was judged irrelevant if the money was given in respect of the employee's work as an employee.

The court's decision is unlikely to have any financial impact on Rangers now as the club went into liquidation in 2012 and is now under new ownership. The tax liability instead will be considered by liquidators alongside claims from other creditors made since the club's 2012 collapse.

arguing against the rules to the fact that when the remuneration rules were introduced in Finance Act 2011, the government made it clear there was a settlement opportunity and employers who paid the PAYE owing at that point and up until July 2015 aren't affected by this. It's those who have never paid the tax on these schemes that are now being targeted.

The settlement opportunity before the 2016 deadline was quite generous, says Ray McCann, president of the Chartered Institute of Taxation: "I'd be surprised if many employers didn't respond or have an active EBT trust now. It's those that do, or those that refused to settle before the 2016 deadline, who will be caught by this charge and will have to pay the full amount of tax owing. HMRC isn't offering a reduction at this stage."

McCann says that while some of the more wealthy beneficiaries will be able to reach a settlement, it will be hard for some beneficiaries to repay loans, many who might have used them to supplement day-to-day expenditure.

"There is concern that it could lead to bankruptcy in many cases, with people losing their homes to the banks and nothing going to tax anyway," says McCann. "I think we should find other ways to recoup what is owed to avoid that happening."

**WHAT IT MEANS FOR EMPLOYERS**

HMRC is clear that the employer is liable for tax that will arise on any individuals with outstanding loans made through one of these disguised remuneration schemes, and that includes loans to current and former employees. It suggests the majority of companies they know about have registered with them to settle before the loan charge arises. But again, if there has not been a full settlement before 5 April 2019 - in other words the loan hasn't been taxed or repaid in full - then the loan charge will arise and the employer will need to operate PAYE on the outstanding loan amounts.

What needs to be paid is basically income tax and primary and secondary class 1 NICs on the amount contributed to the scheme or allocated within the scheme, plus late payment interest for any protected years. This only applies to the gross amount paid by the employer as an EBT (not the fees, charges and expenses of the scheme that might have been charged by any intermediary). But it does have to be paid for all years where



**The employer is liable for tax that will arise on any individuals with outstanding loans made through disguised remuneration schemes**

HMRC has an assessment in place or is still in time to make an assessment (the so-called protected years). To prevent charges for those years not protected (ie, where there was no assessment), there has to be a voluntary payment. HMRC is going to charge late payment interest for any protected years but not for voluntary payments for unprotected years. This applies even if employees are no longer with the company. You can claim a deduction for corporation tax purposes for the income tax and NICs they pay when they settle.

But what if the employee declared the benefit from an EBT? Employers can ask current and former employees for information including the amount of outstanding loans.

The amount can be reduced by any NICs paid by the employer (or any income tax paid by the employee) if they declared a benefit in kind on the basis of receiving a beneficial loan. Those employees would need to complete mandates allowing their own tax repayment to be offset against the trust/employers' liability. Those employees have a separate obligation to provide HMRC with details of outstanding loans by 30 September 2019 and are being contacted by HMRC separately. ●



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# Journey's end

In the second part of our future of work series, Alison Coleman explores the impact commuting has on businesses and workforces - and what solutions might lie ahead



The first part of our future of work series is available to read in the July/August issue of *Business & Management*

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While the organisation of work is changing, so too is the way we fulfil our work obligations.

Two key factors are driving this shift: the digital technology that has reduced the need for a physical presence in the office, and the more flexible approach adopted by businesses facing pressure from their employees. The latter, linked to lateness, absenteeism and low retention, has a huge impact on employee wellbeing, productivity and the bottom line.

Britain's Healthiest Workplace survey of 34,000 UK workers in 2016 found that those with a commute of less than half an hour gained an extra seven days' worth of productive time each year compared to those with commutes of an hour or longer. Longer distance commuters are also 33% more likely to suffer from depression and 12% more likely to report multiple dimensions of work-related stress.

Mode of transport is another factor. People who walk to work have the shortest commute overall, while rail



commuters have the longest, on average 59 minutes, according to the Department for Transport's 2017 report *Transport Statistics Great Britain*.

But it is the unpredictability of travel chaos that can inflict the most damage on business operations by undermining employee productivity.

Richard Biggs, CEO of Cube Intelligence, a blockchain security platform for autonomous cars, says: "If workers and their managers expect a commute to take 45 minutes, that's one thing, but with a signal failure, or leaves on the track, suddenly that expectation is blown out of the water. Add traffic jams, broken down buses and congestion on the [London] Underground to the mix, and the impact on business and on the UK economy is startling."

#### AGE OF THE TRAIN PAIN

This summer's rail chaos in the north of England was a case in point. A report by the Northern Powerhouse Partnership revealed that businesses had lost almost £38m because of disruption with Northern Rail services from delays,

cancellations and a timetable shakeup, with the cost up to £1.3m a day at its height. Half of services on some TransPennine routes were cancelled or seriously delayed on the worst days.

When the disruption is a long-term problem, as in the case of Southern Rail, employees are forced to make drastic changes to their lifestyle. In an online poll of 1,000 Southern Rail passengers conducted by the Association of British Commuters in 2017, some admitted to being forced to move closer to work or relocating to be closer to a station on a different train line thanks to blighted services.

Organisations are doing what they can to ease the pain. "Commuting has always been a part of any job, and while that hasn't changed, the cost certainly has," says Iain Thomson, director of incentive and recognition at Sodexo Engage, an employee and consumer engagement consultancy. "Expenses like railcards and petrol quickly add up, and with the employment market more competitive than ever before, it's up to the heads of companies to ease this burden."

#### HELPING YOUR EMPLOYEES

Assisting employees with their transport is no new concept: in fact offering an employee benefits package that doesn't include transport perks would be sure to put off the best talent in these times of near full employment. Among the most popular options are subsidised railcards or interest-free loans enabling employees to buy a cheaper season ticket over the course of the year. Some businesses may still provide a company car or an allowance for those who travel as part of their job.

It isn't all about money. "Some benefits linked with travel, for example cycle to work schemes, are another way for employers to support the health and wellbeing of their staff," adds Thomson.

But a more significant development offering relief from commuting has been a move towards flexible working hours and remote and mobile working practices, supported by digital technology. This has become more widespread since the government enshrined the right to request flexible working in law in 2014.



#### UNDERSTANDING COMMUTER PATTERNS

Employers need a better understanding of commute times and patterns, particularly when deciding to relocate offices.

Analysis and data from companies like TravelTime can be used to identify which locations would be best for employees, compare commute times, and inform employees of the time, cost and route required in the future.

TravelTime also builds matrices to calculate the commute times and costs for each individual employee. This allows employers to identify which employees may be at risk of quitting after a move and ensure the business plans accordingly or offers compensation to said employees.

Co-creator of the platform Charlie Davies says: "Commuter analysis reduces the business risk when relocating an office. Employers can use the data to prevent high staff turnover and productivity issues or prepare for new hires."

In a survey of over 18,000 global business leaders by International Workplace Group (IWG) more than 82% of businesses felt that offering flexible working strategies increases productivity. Over half (58%) agreed that offering flexible working improves job satisfaction. This demonstrates a need for organisations to provide working environments suited to today's employees.

Richard Morris, chief executive of IWG UK, says: "With digitalisation and increased connectivity everyone can be much more mobile, while cloud technology allows information to be shared and accessed, securely, from anywhere. Your employee may love the work, but may not want to live in a city. That doesn't need to be a problem.

"Workers can continue to work without the usual geographical commitments to a fixed location, avoiding the train delays and cutting out the stressful commute. That's the sort of commitment that speaks volumes to a workforce and can be a game changer in the war for talent."

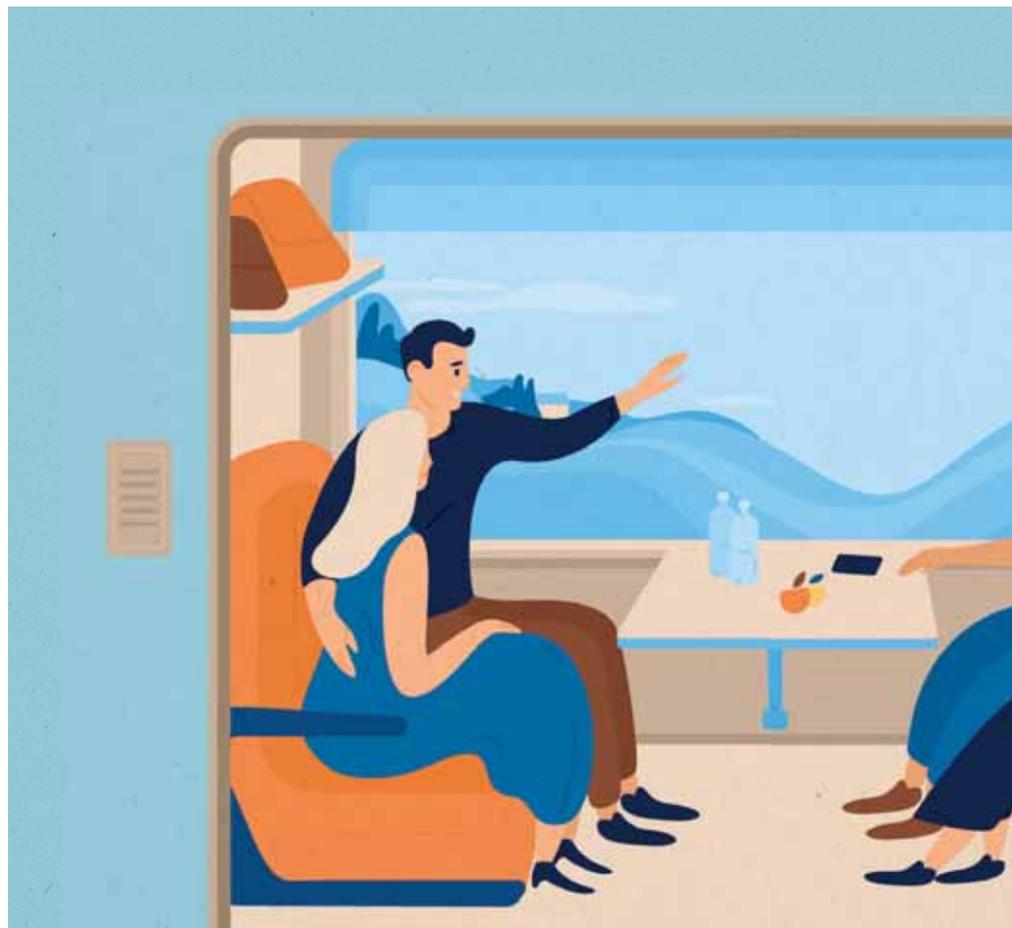
A recent survey by serviced office provider Regus revealed that over 50% of people work outside the main office two-and-a-half days a week or more, nearly a third work from different locations in the same city and 25% work from other cities. This trend is set to increase as technology enables faster, more reliable communication between remote and mobile employees.

### THE VIRTUAL WORKFORCE

Increasing flexibility has also helped to drive another growing trend, the virtualisation of workforces. It's no longer unusual for new businesses to be launched with completely remote, independent teams.

Carl Reader, director of d&t chartered accountants and author of *The Startup Coach*, says: "The business benefits from the flexibility of having a team on demand, rather than committed full time, while both sides benefit from the reduction in the time and cost wasted commuting. Some might dismiss this concept as not being a real business, but it is rapidly catching on, and being accepted across the board, by founders, team members and financiers."

Nevertheless, there will always be a need for some people to get to a physical place of work to meet clients or colleagues face to face for collaboration within fixed time frames.



"One significant shift we're seeing is that work will be conducted anywhere, anytime," said Maeve Keane, co-founder of innovation agency Future Tonic, which has carried out research into the future of urban travel and commuting. "The impact this will have on company cultures and peoples' relationship to their employer is yet to be seen. But one thing we do know is that people will still need practical, productive and private spaces to work."

### TOMORROW'S TRANSIT

They will also need a means of getting there, and for the commuters of the future, the game changer will be the smart technologies like artificial intelligence (AI), data analytics and swarm intelligence, not to mention transport innovations, such as self-driving or autonomous vehicles - and even driverless passenger drones and high-speed capsules riding on magnetic levitation known as hyperloops (see *Commute of the future*).

AI will have a key role to play in making transport smart and accurately predict traffic conditions based on huge datasets including weather, foot traffic, special events, holidays, and even stock market prices, explains Biggs. He says: "We use AI to identify patterns that would

**"Major challenges in the transportation industry such as capacity problems, safety, reliability and the costs are providing ample opportunity for swarm intelligence innovation"**



otherwise be invisible. By sharing these insights with controllers of public transport, traffic systems and passengers, better decisions can be made about how people travel, the number of public transport vehicles in action, and the route taken. For example, token reward schemes can incentivise individuals to use less crowded options, staggering rush hour concentration to ease pressure on commuter infrastructure."

The concept behind swarm intelligence is the co-ordination of huge numbers of individual technology entities working together to meet a group objective. These then co-operate in much the same way as swarms of ants or flocks of birds do in nature. When systems covering multiple aspects of a customer's journey, for example an airline's enterprise applications, work behind the scenes at complex locations, such as airports or multiple journey providers, there is an opportunity for collaboration.

"Major challenges in the transportation industry such as capacity problems, safety, reliability and costs are providing ample opportunity for swarm intelligence innovation," says Rajamani Saravanan, chief architect at digital transformation and technology services company Mindtree. "This could provide new options for optimising vehicles and

# 58%

of business leaders agreed that offering flexible working improves job satisfaction

routes, enabling overall systems to adapt their capacity to daily fluctuations as well as shifting capacities between population and transport processes."

The swarm intelligence economy, which was valued at \$281.6m in 2017, is anticipated to reach \$348.6m by 2023, according to one global swarm intelligence market report for 2018.

Saravanan adds: "Applying swarm intelligence to travel infrastructure could reduce the time taken to transport commuters, while improving the system's capacity planning needs, and supply and demand mismatches. In an industry where time, space and cost are all critical, and information is constantly changing, these are invaluable capabilities."

## NO TIME LIKE THE PRESENT

These innovations in transport are already changing perceptions of the future of travel and the way people will get to work, whatever and wherever that may be. But it may be some time before the technology is established enough to make the difference that commuters and employers need now.

And as global management consultant Nimisha Brahmabhatt points out, in order for these innovations to be viable, there is a need to create the ecosystems that will allow them to thrive - and that needs to be driven by government, businesses and other organisations. She says: "There is enough technological advancement in travel to remove the reliance on petrol entirely from our transport network through innovations such as hyperloops and personal rapid transport pods, but as yet there has been no real movement towards those options.

"The whole concept of the need to travel to work has been turned on its head and I see that as a good thing. I personally would love to see fewer cars and less traffic on the road, and less reliance on the need for office space. Ultimately, we need a transport solution that allows us to do that." ●

## COMMUTE OF THE FUTURE

### Self-driving vehicles

Autonomous Vehicles (AVs) could radically transform the way people travel to work in and around cities. Given that most regular cars are believed to spend 95% of the time parked, the AV revolution could prompt cities to reconsider whether they even need parking spots. At the same time, AVs are expected to transform the concept of car ownership. Other possibilities include fitting AVs with computer interfaces, enabling people to remain productive while on the move and so reducing the length of the working day.

### Passenger drones

Several firms are developing drones big enough to carry passengers. The Chinese single and two-seater drone Ehang 184 is at the forefront of this particular travel innovation. The electric-powered vehicle can carry a passenger for 10 miles - or the equivalent of 23 minutes of flight. Ehang aims to have the final commercial product on the market in 2019.

### Hyperloop

Originally introduced by serial entrepreneur Elon Musk back in 2012, hyperloop technology involves pods levitating on magnetic fields that are propelled by electric motors at high speeds. Since the open sourcing of the concept, other businesses and groups have invested in the development of this technology, including the Virgin Group. Virgin Hyperloop One, which successfully trialled a full-scale prototype last year, aims to have a fully operational system by 2021.



# MAKING THE BUSINESS CASE FOR TRAINING

Andrew Don examines the myth that continuing professional development is good for the finance team, but not business

All good employers train their staff, right? Those who complain that they invest in training only for employees to take their new skills to other employers are missing the point.

This will always be a risk, especially today when employees no longer see their employer as offering a career for life. But failing to invest in training finance teams is a false economy that will cost businesses dearly.

Adrian O'Connor, founding director of specialist recruitment consultancy Global Accounting Network, says: "While continuing professional development (CPD) is important in any profession, accountancy is a sector where keeping abreast of developments is absolutely crucial. Aside from constant changes in legislation, the digital revolution in particular is affecting the skills required of professionals working in finance teams, and training and coaching is vital to ensure that they are fit for the future."

The finance role is metamorphosing, he adds: "Today's professionals must learn to capitalise on the increase in data available to adopt a more advisory role, proactively offering value-added services based on live information, such as strategy and planning as well as business partnering, to drive corporate growth."

Iain Martin, finance controller of AG Parfett & Sons, a grocery wholesaler with a £324m turnover,



says: "If someone chooses to leave having taken the benefit of whatever they've learned here, that's something we have to accept and deal with.

"But if we don't show them how to do their own job properly there's no point in having them here in the first place. It is a bit of a catch-22. The better they get, the more potential there is that they will decide to move on."

Headmasters, a Surrey-based hairdressing chain with 57 salons and three training academies, says all good employers invest in training. Trevor Sanders, the group's finance director, invests in the accountancy team's formal qualifications as part of the employment package: "If you need someone to invest their skills in a particular area then you need to invest. I suppose it depends if the person is keen and willing to learn."

## COMMERCIAL SENSE

Jo Sellick, managing director of specialist finance and legal recruitment company Sellick Partnership, says taking newly acquired skills elsewhere is a risk business leaders must take because it makes less commercial sense not to train staff.

"Not doing so out of fear that employees will take their skills elsewhere will only lead to poor performance," she says. "As well as offering training, finance bosses should be focused on engaging and retaining talent. There are many different factors that contribute to staff retention and that force people to



leave a business - not just training - so simply refusing to train will not minimise the risk of them looking for new opportunities.”

#### **FULFILMENT AND INCENTIVISATION**

Employers who invest in an individual’s development provide their teams with a sense of fulfilment and incentivisation. Samantha Caine, managing director of Business Linked Teams, has helped in training and development for huge global brands, including Mars and KONE.

She says: “Investment in the development of skills and behaviours is part of the package that candidates expect from a good employer. Any business that wants to appeal to tenacious employees that will add value to their business should be willing to invest in training and development.”

People are always learning in every aspect of life. Staff will recognise the value in staying with an employer that is willing to invest in their training now and in the future.

Investing in training pays off: AG Parfett & Sons’ credit controller has been with the company for nearly 30 years and its purchase ledger controller has been with the company for almost as long.

#### **TRAINING AS AN INVESTMENT**

Businesses should see staff training and development as an investment, advises Caine: “They can ensure this

is a worthy investment by ensuring that existing skills and capabilities in their staff are identified alongside skill gaps, which the training should then focus on developing.

“Employees will certainly benefit from training, but it’s important to note that an effective training programme will benefit the business, too. As employees become savvier to this, they will increasingly view workplace training as a necessity instead of a perk and they will value an honest employer that openly acknowledges that training benefits both parties.”

O’Connor says, however, that ambitious individuals generally take a level of responsibility for their own upskilling, but good employers facilitate the professional development of their teams to not only ensure they have up-to-date expertise in-house, but also to make sure employees remain engaged and productive.

#### **LEARNING FROM THE BEST**

Caine stresses that finance is an area that is subject to continual shifts and changes so finance departments must be capable of adapting quickly.

Successful organisations have remained agile by using blended training programmes to bolster their growing global workforces, helping them to thrive in new and unexplored markets, each with varying elements of unpredictability, she points out.

“These programmes excel when learning activities are centred around real challenges that the business faces - tailoring training content to the business as much as possible,” she adds.

Graham Durgan, chairman of Emile Woolf International and council member of ICAEW, believes that good leaders focus on strategy, risk, people and performance: “They treat training - people development - as a key business expenditure and plan for it to support strategy, reduce risk and improve performance through productivity and innovation and increased retention.”

#### **PRACTICAL TRAINING AND SOFTER SKILLS**

Durgan says finance teams need the skills to do their jobs whether that be Excel or International Financial Reporting Standards, adding: “They also need to all understand the core elements of strategy, leading, selling, coaching, negotiating and presenting.”

It is important to train in generalist skills as well as technical financial knowledge, he says, adding that emphasising hard technical training over softer skills and more general training holds back finance staff later in their careers.

O’Connor adds that aside from technical expertise, managers are increasingly seeing the value of upskilling teams in softer skills. “Contrary to long-held stereotypes, today’s in-house finance professionals must have the ability, and gravitas, to engage with others both inside and outside the organisation. He says: “Investing in developing and nurturing these skills among qualified accountants will certainly pay dividends as these individuals progress within the business.”

Caine believes it is common for technical training to be prioritised over the development of softer skills, resulting in staff who are technically excellent to the detriment of their people skills.

This is then often used as a cover for a lack of communication skills further down the road and can often raise issues when employees progress into managerial positions. She says: “In leadership roles, the balance often shifts from a need for technical expertise to management skills, such as the ability to facilitate, manage change and coach those reporting to you. Until businesses address the need for soft skills training earlier on, these skills will continue to be underdeveloped as staff progress throughout their careers.”

**FITTING IT IN**

Caine also points out the importance of employers considering how staff can realistically fit training in around their existing workloads. She says: “This is where blended training comes into play, incorporating scheduled face-to-face group training sessions with self-directed online study that can take place as and when it is suitable for the learner.

“If a member of the finance team is having a solid day of processing invoices, breaking it up with an hour of online study might be an attractive idea. Alternatively, the ease of accessing online learning materials might inspire employees to undertake training in their own time.”

**“As employees become savvier, they will view workplace training as a necessity - and value an employer that acknowledges training benefits both parties”**

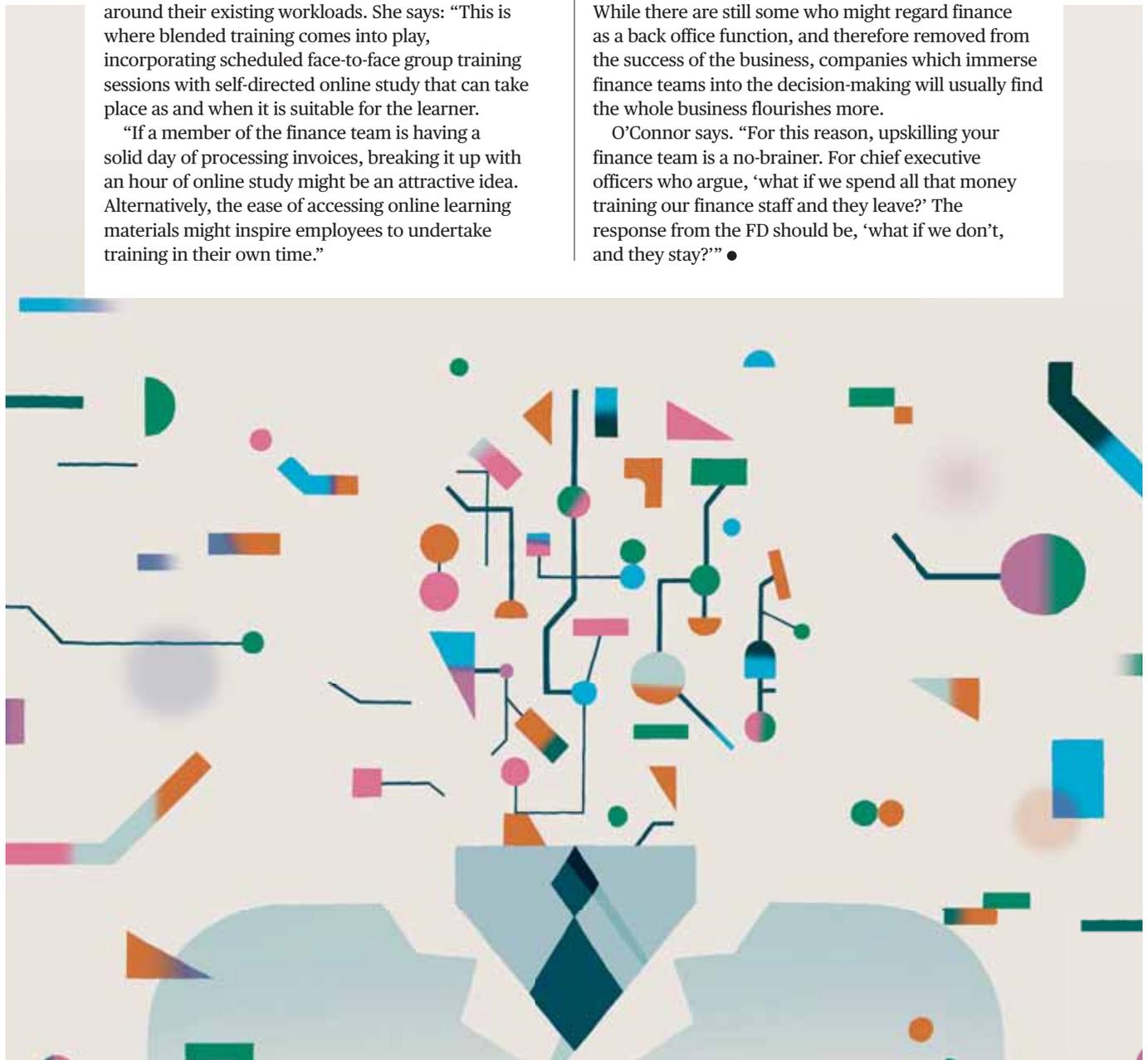
Employers can gauge when is best to invest in the relevant training by building a training programme around the core business objectives, Caine adds.

Assessing the challenges of the business and building a timeline for overcoming these challenges will help to determine the points at which the relevant skills gaps in the workforce need to be addressed.

**NO-BRAINER**

While there are still some who might regard finance as a back office function, and therefore removed from the success of the business, companies which immerse finance teams into the decision-making will usually find the whole business flourishes more.

O'Connor says. “For this reason, upskilling your finance team is a no-brainer. For chief executive officers who argue, ‘what if we spend all that money training our finance staff and they leave?’ The response from the FD should be, ‘what if we don’t, and they stay?’” ●



# TECHNICAL UPDATES

Our regular roundup of legal and regulatory change

## EMPLOYMENT LAW



**THIS SECTION IS SUMMARISED FROM THE BULLETINS OF VARIOUS LAW FIRMS AND ASSOCIATIONS. NONE OF THE INFORMATION IN THIS UPDATE SHOULD BE TREATED AS LEGAL ADVICE**

### MENTAL HEALTH AT WORK "BECOMING LESS TABOO": BCC

Nearly 30% of businesses have seen an increase in the number of staff taking time off for mental health reasons, according to a survey by the British Chambers of Commerce (BCC) and Aviva.

The survey - consisting of over 1,000 business leaders from across the UK - suggests firms are more aware of mental health concerns in the office and that the topic is becoming "less taboo" for both employees and employers.

A third of business leaders said they had also noticed an increase in the length of time that staff were taking off due to mental health issues.

Responding to the survey's findings, ACAS chair Sir Brendan Barber

highlighted its new framework for positive mental health at work, which outlines the roles that employers and employees can play to achieve this. See the full framework at [tinyurl.com/BAM-MentalH](https://tinyurl.com/BAM-MentalH)

### SMALLER FIRMS SHOULD PUBLISH GENDER PAY GAP, SAY MPs

Organisations with more than 50 employees should have to publish details of what they pay the men and women in their employment, MPs have said.

A report by the Business Committee called for the government to "widen the net" to include smaller firms, citing evidence of the pay gap being higher in smaller businesses. Currently only firms of more than 250 staff are required to state the average pay difference between men and women. This is expected to cover only around half of the members of the UK workforce, the committee noted.

Rachel Reeves MP, chairman of the Business, Energy & Industrial Strategy Committee, said that new analysis from the committee revealed "obscene" and "entirely unacceptable" pay gaps in

some firms of more than 40%, with 78% of organisations reporting gender pay gaps in favour of men.

Reeves said that a persistent gender pay gap showed that companies were “failing to harness fully the talents of half the population”, citing the penalties of working part-time, both financially and in terms of career progression, as a major cause.

The report calls for firms to publish annual progress reports, including action plans for tackling any wage gaps.

Read the report at [tinyurl.com/BAM-PayGap1](http://tinyurl.com/BAM-PayGap1)

### WHAT EMPLOYERS NEED TO KNOW ABOUT BREXIT

As an employer, are you up to date on the implications of Brexit for you and your workforce? XpertHR has released a podcast outlining the current state of play; what the end of free movement may mean for current and future employees from the European Economic Area; and the potential implications of a no-deal Brexit.

The session, featuring Fragomen senior manager Louise Haycock, also covers what steps HR can take to reassure any employees who may be directly affected by the end of free movement and key dates around the process.

To access the free recording, visit [tinyurl.com/BAM-BrexitEmploy](http://tinyurl.com/BAM-BrexitEmploy)

## TAX



**NEWS AND UPDATES FROM THE TAX FACULTY WEEKLY NEWSWIRE. VISIT [ION.ICAEW.COM/TAXFACULTY](http://ION.ICAEW.COM/TAXFACULTY) AND CLICK THE SIGN-UP LINK TO SUBSCRIBE FOR FREE**

### INTEREST ON LATE PAID TAX RISES TO 3.25%

Following the increase in the Bank of England base rate to 0.75% from 2 August 2018, HMRC has announced an increase in the rates of interest on late paid tax. HMRC interest rates are linked to the Bank of England base rate. The rates of interest for late payment increased from 3.00% to 3.25% from 21 August 2018. This rate applies to almost all taxes and duties. The exception is quarterly instalment payments of corporation tax, for which the rate rose from 1.50% to 1.75% from 13 August 2018. Repayment interest remains unchanged at 0.5%.

A full list of current and previous interest rates is available at [tinyurl.com/BAM-LatePaid](http://tinyurl.com/BAM-LatePaid)

### GOVERNMENT SHOULD FACE WORK DIFFERENTIALS CHALLENGE

The government has been consulting on how to tackle non-compliance with the off-payroll working rules (IR35) in the private sector. In our response, the Tax Faculty identified three interdependent policy issues that need to be resolved:

- the tax and legal status of work should be the same, certain and comprehensible to the engager and the worker;
- the tax and benefit differentials between different types of work must be addressed; and
- off-payroll working in the private and public sectors should be taxed in the same way.

Solving these issues will be challenging for government but failing to address them will only add to the current uncertainty faced by businesses and workers.

We understand the government's reluctance to tackle the disparity between the total tax paid by and on behalf of the self-employed and employees. However, this differential is at the heart of the problem, and we strongly believe that addressing it

would be the most robust long-term way to restore equilibrium of workers' employment status in the jobs market and to protect Exchequer revenues.

Our full response can be read in ICAEW REP 94/18 at [tinyurl.com/Rep9418](http://tinyurl.com/Rep9418)

The government consultation is at [tinyurl.com/BAM-OffPay](http://tinyurl.com/BAM-OffPay)

### EBTs AND CONTRACT LOAN SCHEMES: A WEBINAR

Do you have outstanding loans from employee benefit trusts (EBTs) relating to disguised remuneration? Have you been involved in contractor loan schemes? Has a settlement been agreed with HMRC?

A new loan charge will come into force next April which will apply to any loans made after 5 April 1999 still outstanding at 5 April 2019.

The Tax Faculty has published a webinar recording on this topic, hosted by the head of faculty Frank Haskew and vice-chairman Rebecca Benneworth.

The deadline for the settlement opportunity for submitting all the relevant information to HMRC is 30 September 2018.

The recording can be found at [tinyurl.com/BAM-EBTs](http://tinyurl.com/BAM-EBTs)

**FINANCIAL REPORTING**

**YOU CAN FIND OUT MORE ON THE LATEST FROM THE FINANCIAL REPORTING FACULTY AT [ICAEW.COM/FRF](http://ICAEW.COM/FRF)**

**STRATEGIC REPORT**

The Financial Reporting Council (FRC) has issued updated guidance on the Strategic Report. While the general structure of the guidance and key messages remain largely unchanged, there have been important changes in two key areas:

**EU Non-Financial Reporting Directive**

Updates have been made to reflect new non-financial reporting requirements that came into effect for certain entities from 1 January 2017. The new rules require that 'traded', banking or insurance companies, with more than 500 employees (referred to as public interest entities, or PIEs, in the guidance), prepare a non-financial information statement within their strategic report.

The relationship between this non-financial information statement and the existing strategic report requirements is complex and requires careful consideration by those companies affected. Therefore, the FRC has separated out what content is required by companies within the scope of the new non-financial reporting requirements (Section 7B) from those companies not affected by the new non-financial reporting requirements (Section 7A).

The FRC has also included additional information in the Scope section to help companies determine which parts of the guidance to apply.

**S172 reporting**

The guidance has been updated to place greater focus on the directors' duty under section 172 of the Companies Act to promote the success of the company.

In addition, the guidance has been updated to reflect new legislation, The Companies (Miscellaneous Reporting) Regulations 2018, which requires large companies, for financial periods beginning on or after 1 January 2019, to include a statement in their strategic report describing how the directors have had regard for the matters set out in section 172 when performing their duty to promote the

success of the company. These matters include, for example, consideration of the interests of the company's employees, suppliers, customers, wider stakeholders, and the impact of the company on the community and environment.

Download the guidance at [tinyurl.com/BAM-StratRep](http://tinyurl.com/BAM-StratRep)

**CRYPTOCURRENCIES**

There are currently no specific accounting requirements for cryptocurrencies in either IFRS or UK GAAP so accounting solutions are derived by analogy to comparable standards and refer to the conceptual frameworks for financial reporting. You can read more about how cryptocurrencies work and why they pose such a dilemma for accountants, auditors and regulators by reading the article *Experts weigh in on cryptocurrencies* in *By All Accounts*, the Financial Reporting Faculty's magazine.

See [tinyurl.com/BAM-ExpertCrypto](http://tinyurl.com/BAM-ExpertCrypto)

**PERFORMANCE MEASURES**

The FRC's Financial Reporting Lab has published *Performance metrics - an investor perspective*, a report setting out investors' views on the reporting of performance. Investors are calling on companies to choose metrics to report their performance that are clearly aligned to the company's strategic goals, explain how they are calculated and provide sufficient information that allows comparisons to be made to previous years' performance.

The report includes a framework and a set of questions for companies and their boards to consider when deciding how they report their performance.

Also, the report supplements the current regulatory focus on the reporting of performance following the guidance on alternative performance measures issued by the European Securities and Markets Authority and the FRC's reviews on the application of that guidance.

Read the report at [tinyurl.com/BAM-Invest1](http://tinyurl.com/BAM-Invest1)

**FINANCIAL INSTRUMENTS**

The International Accounting Standards Board has published a discussion paper on how companies issuing financial instruments should classify

them in their financial statements.

IAS 32 *Financial Instruments: Presentation* currently sets out how a company that issues financial instruments should distinguish financial liabilities from equity instruments. That distinction is important because the classification of the instruments affects how a company's financial position and performance are depicted.

The board has responded to feedback from investors and others and has considered previous work on the topic to propose an approach that would provide a clear rationale for why a financial instrument would be classified as either a liability or equity without fundamentally changing the existing classification outcomes of IAS 32 and enhance the information provided through presentation and disclosure. Comments are due by 7 January 2019. ●

**UK CORPORATE GOVERNANCE CODE**

The FRC has released its 2018 UK Corporate Governance Code, which puts the relationships between companies, shareholders and stakeholders at the heart of long-term sustainable growth in the UK economy. The new Code is not only shorter and sharper but a product of extensive consultation.

The Code places emphasis on businesses building trust by forging strong relationships with key stakeholders. It calls for companies to establish a corporate culture that is aligned with the company purpose, business strategy, promotes integrity and values diversity.

There is a renewed focus on the application of the principles of clear, meaningful reporting. Investors and proxy advisers must assess explanations carefully and not take a tick-box approach.

There are key changes to guidance on the relationship between workforce and stakeholders, company culture, succession and diversity, and remuneration.

Read the Code at [tinyurl.com/BAM-UKCGC](http://tinyurl.com/BAM-UKCGC)

# ON A LIGHTER NOTE

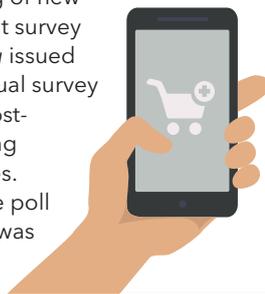


## VINEYARDS SEE RED OVER BLUE WINE

French entrepreneur René Le Bail is marketing a new blue wine called Vindigo, which is made by passing chardonnay through pulped red wine skins that contain anthocyanin, a natural pigment. The wine has to be produced in Almeria, Spain, after vineyards in France refused to assist in its development. Mr Le Bail described the wine as being "ideal for the summer, to drink on the sand or at the edge of the swimming pool". The wine retails for more than £10 a bottle with expressions of interest from Great Britain, China, Indonesia, Italy and Belgium.

## HAPPILY LEFT TO OUR OWN DEVICES

Are consumers tiring of new technology? A recent survey suggests so. *PC Mag* issued the results of its annual survey last month of the most-anticipated upcoming smartphone launches. Apple was first in the poll with 42%, Samsung was



second with 24% - and "none" was in third place (11%) for the first time. The news comes after research from NPD Group found that US consumers hold on to their smartphones for an average of 32 months, up from 25 months the year before.

## SILENCE IN THE NAME OF THE LAW

An Ohio judge outraged civil liberties organisations when he ordered court deputies to stick duct tape over the accused's mouth at a sentencing hearing in Cleveland. Judge John Russo ordered that Franklyn Williams' be silenced



**SHHH!!!**

after more than 60 interruptions. Judge Russo told Williams: "I'm going to hear from your lawyers and that means zip it." Russo later apologised and stepped down from the case for a new judge to be appointed.



**£10**

THE COST OF VINDIGO BLUE WINE A BOTTLE

## YOU BURRO BELIEVE IT'S A ZEBRA

An eagle-eyed student thought that a zebra at the International Gardens Zoo in Cairo, Egypt, looked suspiciously like a painted donkey. Mahmoud Sarhan shared a photo on social media of the animal, which apparently had black smudges across its face. "I know the shape of a donkey and I know the shape of zebras, so it was easy to spot," he said. Local radio station Nogoum FM contacted the zoo director Mohamed Sultan who denied the animal was a donkey. However, wildlife biologist and researcher Alex Adams agreed with Sarhan's assertion, telling *The Independent* that he had no doubt that it was a picture of a donkey.



**42%**

AMOUNT OF PEOPLE ANTICIPATING APPLE'S UPCOMING SMARTPHONE LAUNCH

## POLLY DOESN'T WANT SAVING

A foul-mouthed macaw swore at firefighters as they tried to rescue it from a rooftop. Jessie had been stuck on the roof for three days after escaping from her home on Cuckoo Hall Lane in Edmonton, London. Firefighters were called after Jessie's owners and the RSPCA failed to lure her down. London Fire Brigade spokesman Chris Swallow said: "Our crew manager was the willing volunteer who went to try to bring Jessie down. We were told to bond with the parrot by saying 'I love you'. While Jessie responded 'I love you' back, she then swore at her rescuer and flew off." Jessie was eventually reunited with her owner.



**11%**

OF PEOPLE NOT ANTICIPATING SMARTPHONE LAUNCH

## Can your statutory accounts production tools or templates tick all of these boxes?

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Allocations are automated              | <input type="checkbox"/> Hyperlinks to legislation               | <input type="checkbox"/> Outputs to Word, Excel and PDF          |
| <input type="checkbox"/> Basis of preparation, country specific | <input type="checkbox"/> Hyperlinks to standards                 | <input type="checkbox"/> Page breaks are automated               |
| <input type="checkbox"/> Basis of preparation, reset at anytime | <input type="checkbox"/> Hyperlinks to Trial Balance items       | <input type="checkbox"/> Page format is A4 portrait              |
| <input type="checkbox"/> Basis of preparation, select from list | <input type="checkbox"/> Import Trial Balance(s) from Excel      | <input type="checkbox"/> Page numbering is automated             |
| <input type="checkbox"/> Cash flow, automated or manual         | <input type="checkbox"/> Import your Chart of Accounts           | <input type="checkbox"/> Presentation, choose your colours       |
| <input type="checkbox"/> Cash flow, created in minutes          | <input type="checkbox"/> Import your own sections from Word      | <input type="checkbox"/> Presentation, set your preferred style  |
| <input type="checkbox"/> Cash flow, detailed workings           | <input type="checkbox"/> Integrates with Word and Excel          | <input type="checkbox"/> Presentation, specify your currency     |
| <input type="checkbox"/> Change all options or choices anytime  | <input type="checkbox"/> Intuitive interface and workflow        | <input type="checkbox"/> Preview mode for real time checking     |
| <input type="checkbox"/> Choose your presentation currency      | <input type="checkbox"/> Major events log                        | <input type="checkbox"/> Price includes all training and support |
| <input type="checkbox"/> Consolidations are automated           | <input type="checkbox"/> Manage user rights to specific entities | <input type="checkbox"/> Price per user (not the # of reports)   |
| <input type="checkbox"/> Consolidation, detailed spreadsheet    | <input type="checkbox"/> Manage user rights to specific reports  | <input type="checkbox"/> Primary statements, choice of formats   |
| <input type="checkbox"/> Context sensitive filters              | <input type="checkbox"/> Manage user rights to specific tasks    | <input type="checkbox"/> Primary statements, choice of names     |
| <input type="checkbox"/> Context sensitive help                 | <input type="checkbox"/> Mapping can be automated or manual      | <input type="checkbox"/> Reports can be duplicated with ease     |
| <input type="checkbox"/> Context sensitive links                | <input type="checkbox"/> Multi-point editing capability          | <input type="checkbox"/> Reports can be locked for protection    |
| <input type="checkbox"/> Create and store your preferences      | <input type="checkbox"/> No add-ons, everything is included      | <input type="checkbox"/> Reports can be quickly rolled forward   |
| <input type="checkbox"/> Create your own 'master' formats       | <input type="checkbox"/> No coding needed                        | <input type="checkbox"/> Reports can be saved as 'milestones'    |
| <input type="checkbox"/> Cross checks and validations inbuilt   | <input type="checkbox"/> No extra charges                        | <input type="checkbox"/> Rolled reports retain user settings     |
| <input type="checkbox"/> Data entry options, including:         | <input type="checkbox"/> No implementation needed                | <input type="checkbox"/> Rounding, multiple options available    |
| • Keyboard for manual input                                     | <input type="checkbox"/> No manual mapping necessary             | <input type="checkbox"/> Secure, multiple layers of security     |
| • Import from Word and Excel                                    | <input type="checkbox"/> No 'template driven' limitations        | <input type="checkbox"/> Set and forget your options             |
| • Select from drop down lists                                   | <input type="checkbox"/> Notes, can be edited easily             | <input type="checkbox"/> Set and forget your wording             |
| • Tick or untick 'tick boxes'                                   | <input type="checkbox"/> Notes, choice of number format          | <input type="checkbox"/> Set up entities or divisions in minutes |
| <input type="checkbox"/> Data from all common GL's accepted     | <input type="checkbox"/> Notes, choice of placement              | <input type="checkbox"/> Set up 'special' divisions as needed    |
| <input type="checkbox"/> Disclosures, capture tool inbuilt      | <input type="checkbox"/> Notes, comprehensive and up-to-date     | <input type="checkbox"/> Share read-only access with Auditors    |
| <input type="checkbox"/> Disclosures, support tool inbuilt      | <input type="checkbox"/> Notes, create and store your own        | <input type="checkbox"/> Simple and intuitive navigation         |
| <input type="checkbox"/> Drag and drop to order divisions       | <input type="checkbox"/> Notes, drag and drop to re-order        | <input type="checkbox"/> Simple to access via web browser        |
| <input type="checkbox"/> Drag and drop to order files           | <input type="checkbox"/> Online and telephone support            | <input type="checkbox"/> Standards are constantly updated        |
| <input type="checkbox"/> Drag and drop to order sections        | <input type="checkbox"/> Outputs include:                        | <input type="checkbox"/> Straight forward adjustment process     |
| <input type="checkbox"/> Edit in one place, edits in all places | • Annual and Interim reports                                     | <input type="checkbox"/> Sub-consolidations at the tick of a box |
| <input type="checkbox"/> Edit at any point in the process       | • Detailed audit trails in Excel                                 | <input type="checkbox"/> Switch between two or four columns      |
| <input type="checkbox"/> FX Trial Balance(s) conversion         | • Consolidation spreadsheet                                      | <input type="checkbox"/> Updating is automated and real time     |
| <input type="checkbox"/> FX Trial Balance(s) import             | • iXBRL (UK/IRE) tagged files                                    | <input type="checkbox"/> Use for multiple entities and reports   |
| <input type="checkbox"/> Hyperlinks to Chart of accounts        | • Supporting reports   | <input type="checkbox"/> Warnings displayed automatically        |

## IFRS SYSTEM can!

It ticks all of these boxes (and many more) and it is easy to use.

Before preparing another set of UK GAAP (FRS 101, 102 or 104) or IFRS accounts, take a few minutes to find out how IFRS SYSTEM makes accounts production easier.

visit: [www.ifrssystem.com](http://www.ifrssystem.com) email: [enquiries@ifrssystem.com](mailto:enquiries@ifrssystem.com) call: 020 3287 0102



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