

Screen test for a lifesaver

ANTHONY MELLOR is one of the few accountants who can sound evangelical.

He says he has a mission to save the thousands of small companies that go bust every year through financial ignorance.

Mr Mellor has spent three years and £300,000 of his time — meticulously costed at £50 an hour — developing Keep It Short & Simple.

Fatal

It's a computerised accountancy programme designed for financial illiterates — and KISS could be the kiss of life for many small companies, he claims.

Lack of understanding of the financial position of a business can be fatal in a recession, because the owner doesn't take the urgent action that might save it.

KISS is one of the few programmes which, at the touch of a button, can give the small businessman the understanding needed to draw up accounts, forecast his financial position

Timon Day assesses a book-keeper called KISS

and work out his VAT liability, says Mellor.

It warns when bills are due and when they should be paid.

KISS consists of a manual, programme disk and tutorial disks to run on an IBM-compatible personal computer and handle up to 7,000 transactions a year.

The system, which costs £445 excluding VAT, is being evaluated by the Institute of Chartered Accountants in London and Haslams, a large firm of accountants in Knutsford, Cheshire.

Mellor's approach has its crit-



TRIAL RUN: Software writer Anthony Mellor, left, with shopkeeper Jonathan Vennard

ics. The Manual Business Systems Association says that most small firms' failures are caused by lack of basic accounting skills.

Focusing on information technology is an irrelevant and costly diversion. It wants businesses to retain manual accountancy systems, instead of computerising book-keeping.

But Mellor argues: 'Conventional account books are ponderous things, often of little

value to small businesses. They need a running check on how the business is doing.

Facts

'With my KISS system, the business person knows how much cash is available, how much can be spent and how much money is needed in the short term to keep going or pay salaries.'

'The trouble with most accounts systems

is they disguise the true facts, or give you the information when it's too late.'

He is critical of well-established accounting software as well as manual systems.

His point is that in simple sets of accounts books there is often a lack of space for essential entry details.

If your end-of-month bank statement shows you have made an error, all the written

figures in the accounts may have to be altered.

At the other end of the spectrum, sophisticated computerised systems giving up-to-the-minute financial information are usually too complicated for small businessmen to operate.

Once KISS is up and running, says Mellor, it takes less than an hour a week to up-date.

And it saves a fortune in accountancy fees.

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DAY OFF

FROM
BUSINESS

PROBLEMS.

SPEND

A DAY

LEARNING

ABOUT

BUSINESS

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MS 5/92

Good news travels fast

NEWSAGENTS Jon's News was bought for around £100,000 in January 1990 by Jonathan and Sheila Vennard who live above the shop.

The couple, both in their mid-twenties, always wanted to run their own business. They have one full-time employee and two casuals but still work 60 to 70 hours a week each.

Sales in their shop in Knutsford, Cheshire, have increased by half to around £300,000 over the past two years and gross profits run at 22% of turnover with net profits of about 10%.

CASE STUDY

like the KISS system very much,' said Jonathan.

'It teaches you as you go — and, best of all, gives my accountant no excuse to charge extra for doing my accounts.'

Jonathan runs the programme on his Packard Bell Force 1 personal computer. It takes almost half an hour to load, as his PC does not have a lot of random

access memory which is needed to operate KISS.

'I never knew what my financial position was when I wanted to buy sweets and cigarettes from the wholesaler,' he said. 'Now I know exactly how much I can order at one go.'

He acted as a guinea pig for Anthony Mellor's system over the past year, installing the final version in January.

It gives him a breakdown of all items through the till, cash paid in and paid out and VAT due.

'I no longer overspend, as I don't forget that I owe Customs & Excise a large amount of VAT every quarter. I also have a far tighter control over my bank overdraft.'

'And I can wait to the last minute to pay suppliers to make sure I get the maximum amount of credit.'

Check

The Vennards tried a manual accounts system but reckoned it would take 12 hours work a week to do the books.

Before KISS, they spent six hours a week doing the accounts, using a Sinclair QL computer. Now it takes about 1½ hours.

Jonathan said: 'It is still possible to make errors using KISS but down to around 5%. With other systems it is possible to make a much bigger mistake.'

The ultimate check on the KISS system is his firm's monthly bank statement. The balance should tally with the figure on his computer.

BEST BUYS

SAVING AND BORROWING

INTEREST RATES — SAVERS

BANK/B SOCIETY	GROSS RATE	COMPOUNDED RATES		NOTICE PERIOD	MIN INV £
		GROSS	25% TAX		
Century BS	11.30	11.62	8.65	4.92	1
Chelsea BS	12.00	12.00	9.00	7.20	21 months
Darlington BS	12.50	12.50	9.38	7.50	Immediate*
Leeds & Holbeck BS	11.50	11.60	8.70	6.96	Immediate*
National Savings	11.50	11.50	8.63	6.90	5 years
Northern Rock BS	12.30	12.30	9.23	7.38	24 months*
Northern Rock BS	11.25	11.25	8.44	6.75	Immediate*
Portman BS	11.25	11.25	8.44	6.75	Immediate*
Tynemouth BS	11.75	11.75	8.81	7.05	1 year

*Must save £1-£100 every month

*Postal account

INTEREST RATES — BORROWERS

MIN/MAX LOAN	BANK/B.SOC.	REPAYMENT RATE (APR)	ENDOWMENT RATE (APR)	MAX% LOAN	MAX YEARS	NOTES
17,500+	Barnsley	8.95 (11.60)	8.95 (11.60)	95	25	2% off for 6 mths
to 200k	Birmingham Mids	9.85 (11.40)	9.85 (11.40)	80	30	1.1% off to 31.5.93
neg	Bradford & Bingley	10.50 (11.34)	10.50 (11.34)	95	30	Standard
5k+	Cheshire	9.99 (11.50)	9.99 (11.50)	95	25	1% off for 6 mths
1k+	Cheltenham & Glos	9.75 (11.40)	9.75 (11.30)	80	25	1% off for 1 year
neg	Mercantile	9.25 (11.50)	9.25 (11.50)	75	25	1.7% off to 30.4.93
to 150k	Norwich & P'boro	8.95 (11.50)	8.95 (11.50)	95	25	2% off to 1.9.92
60k+	National Counties	10.40 (11.00)	10.40 (11.00)	95	40	Gtd 0.59% below standard
to 150k	Northern Rock	9.25 (11.60)	9.25 (11.40)	70	35	1.74% off to 1.8.93
neg	West Bromwich	8.95 (11.50)	8.95 (11.50)	95	35	2% off for 1 year

APRs are approximations based on typical cases. Exact APRs should be obtained from the institutions concerned according to individual circumstances. Sources: *Blay's Money Master* and *Blay's Mortgage Tables* (0753 880482)