

CLIFF BEACHAM

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Petfords (Pty) Ltd

Herb phoned Cliff (Cliff was Petfords auditor).

“We have a problem with the bank. They say our balance sheet is not strong enough to grant us anymore credit and we need it. I explained to them that our fleet is worth much more than the balance sheet shows but they still balk at it. What can we do?”

Cliff suggested revaluing the fleet and issuing the balance sheet on the basis of the new valuations. The company had depreciated its fleet on the basis of tax law and many vehicle and trailers in constant use were on the books at zero value.

A transport consultant was hired to value the vehicles and a new, audited balance sheet was issued. The bank was happy to extend further credit with the fleet as security, Herb was happy that he got his money and Cliff was happy that he had a happy client.

Another approach to advertising:

Petfords advertised in the Yellow Pages and their ad came before Pickfords, a large national transport company. While not violating misleading naming laws (Petford was Herb's actual name), this had the advantage of customers coming to Petfords in the YP before Pickfords ("it starts with P or something)" resulting in more business, due to the mistaken identity.

Lessons learned:

- Be approximately right rather than precisely wrong. Balance sheets should reflect reality.
- There are always alternatives.
- Tax law is tax law - not GAAP.
- There may be a comparison name advert that is not illegal and this can be a market advantage.