

# FiNE LINES.

*Advice that adds up*

The Lubbock Fine Magazine • ISSUE 59

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## LAUNCHING FAMILY OFFICE SERVICES

With the return of Sharon D'Souza, Lubbock Fine has launched Family Office Services. What does that mean for our clients?

### Need and structure

Whether inherited or created, extensive wealth not only brings exclusive and superior opportunities together with wider choices, it can also produce greater burdens and complexities in managing, diversifying, preserving and bequeathing that wealth.

Wealthy individuals and families have consequently hired people with specific qualities and experience, and formed internal family offices to capitalise on and manage their various issues.

Primarily through inheritance, generational families have a patriarch or matriarch (a principal) who works in unison with siblings who may live abroad. They may set up more than one family office of internal advisors located in more than one country, to co-ordinate with each other and ensure consistency of the principal's goals.

Individual family offices are formed of one family member (which includes their spouse and children), the majority of whom are highly successful, hands-on entrepreneurs with a considerable number of businesses and investments. They may employ carefully selected individual advisors on a full time basis (family back office). Usually, however, they contract several external advisors thereby increasing the risk of loss of co-ordination and control.

### Family office activities

Family office activities vary depending on the nature of the principal's personal affairs, businesses and philanthropic interests. Therefore, day-to-day activities may range from procuring finance for a new multi-million pound property acquisition in Belgravia, to final stage interviews of maternity nurses in order to select a candidate that best fits the family's culture and core

values, to overseeing preparation of the monthly investment portfolio, authorising payment of school fees or monitoring refurbishment of the family yacht. >



(cont.)»

On another day, activities may include meetings with tax specialists and lawyers on legislative changes affecting the family assets, businesses and succession planning; overseeing commercial refurbishment projects, continued direct management of residential properties and finalising the family's personal monthly management accounts, before bidding at an antique auction and arranging a charity event.

### What qualities do wealthy individuals, family offices and their businesses look for in family office services?

As the family's personal affairs and business matters are being exposed to an 'outsider', confidentiality, loyalty and trust is paramount. Another key quality is having the right attitude. Will the family's affairs and assets be treated with the same care and attention as if they were the advisor's own?

Family office principals are typically entrepreneurial and demanding of themselves and others, continually making decisions. Hence, aptitude and application are high on the list, as is being a multi-skilled, fast learner who can utilise knowledge, dissect, analyse and précis information while still being a pragmatic problem solver.

Finally, the capacity to listen, understand, respond and anticipate the family principal's needs is crucial to building respect and trust, and to sustaining a successful long-term relationship.

### Family office conference – huge success for Lubbock Fine

In September, our senior partner, Geoff Goodyear, spoke at the Family Office Leadership Summit 2013 hosted by Incisive Media. His presentation examined whether or not the UK has taken down its welcome sign for UHNW individuals coming to and living in this country. He discussed the many changes in UK tax legislation that came into effect this year and specifically the implications of entry to or exit from the UK, high value residential property structures and remittances made by non-domiciled individuals. Feedback received from attendees on the subject, content and delivery and also on Lubbock Fine's roundtable session (which drew the highest number of delegates), was highly complimentary. Geoff Goodyear's presentation and article on high value properties can be downloaded from our website.

### Why is Lubbock Fine best placed to offer family office services and what are the benefits to clients?

Returning to Lubbock Fine was an easy decision for Sharon because she sees it as an opportunity to work with a firm that selects high calibre candidates who demonstrate such essential qualities. These core strengths, coupled with her extensive expertise and the firm's long history of advising generations of families, means that we are ideally placed to offer family office services.

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**Our clients receive all the benefits of an in-house family office (confidentiality, trust, close co-ordination, control and quality of service) with none of the major time-consuming and costly disadvantages (office administration, recruitment, sudden loss of key staff and lack of technical in-house expertise, particularly in taxation and succession planning).**

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Along with our experience in accounting, taxation, business, financial and administrative support, we now offer a unique one-stop solution for wealthy clients. Additionally, our clients benefit from a fully integrated international service through the Russell Bedford International network with representation in more than 90 countries.

Clients may pick and choose from a wide variety of services including portfolio reporting and wealth preservation, concierge and relocation services, tax compliance and succession planning.

There is a questionnaire on our website to assist in the selection of services and we highly recommend that this is used. We also offer a one-to-one, informal, initial complimentary meeting for prospective clients seeking these services.

For further information about our family office services, please contact Sharon D'Souza on 020 7490 7766 or [sharondsouza@lubbockfine.co.uk](mailto:sharondsouza@lubbockfine.co.uk). LF



Sharon D'Souza

We're delighted to welcome Sharon back to Lubbock Fine. She left the firm 20 years ago

to join one of our clients, an ultra high net worth (UHNW) Asian generational family office with global business interests. While there she acquired invaluable insight and skills, working within their Family Office function and directly in their businesses, performing a variety of management roles.

After almost 13 years she accepted a challenging position with an UHNW entrepreneurial American businessman who had managed to successfully

grow and diversify his interests, taking two of the businesses to an IPO listing on the NYSE before passing the reins to his sons. This organisation gave Sharon significant exposure to internal audit and Sarbanes-Oxley.

For the past four years she has been working for a Saudi billionaire, substantially reorganising and managing his family office, primarily focused on investments and high value properties in London and abroad.



# INVESTMENT PORTFOLIO RISK

By Matthew Wintour, Lubbock Fine Financial Solutions LLP

**I**n a certain world, investment returns would always be exactly as expected with no risk involved. The investor would merely compare the returns available on different investments and choose those offering the highest returns. Unfortunately, market uncertainty means that returns from investments are not always 100% reliable. All investment opportunities involve risk and it is important to understand that fundamental premise. So, it is fair to expect higher returns when taking a higher level of risk. In other words, the expected return should be commensurate with the risk taken.

## There are two main types of risk:

- Systematic risk – such as major political events or earthquakes that will affect many assets. It is virtually impossible to protect portfolios from these.
- Unsystematic risk – such as news flow on an individual company. These can also be referred to as 'specific risk' and affect a small number of assets. To some extent, it is possible to protect against these.

## So how do investors protect their portfolio from undue risk?

Diversification of an investment portfolio aims to reduce risk without necessarily reducing returns.

By spreading risk, we can minimise our potential losses without necessarily reducing the value of our holding. The simplest way of achieving this is by holding different asset classes within a portfolio, such as a combination of equities, fixed interest, property and alternative assets. Different asset classes have different levels of risk associated with them. For example, purchasing shares in Vodafone would carry a greater level of risk than, by comparison, having a UK Gilt holding. An efficient portfolio can be constructed by blending together different asset classes which collectively achieve returns without taking on any excess levels of risk.

Before a portfolio can be constructed the question that investors need to ask themselves is "what level of risk am I comfortable in taking?". An integral part of financial advice is taking into account an investor's attitude to risk and his or her financial goals. A psychometric risk questionnaire can provide a starting point for discussions about the risk and reward that investors are prepared to take. Each investor will have a different definition and understanding of risk and, indeed, one investor may have many acceptable levels that vary with their objectives. The results of any risk questionnaire should be considered in conjunction with the individual investor's specific needs and objectives.



Matthew Wintour

Once an appropriate level of risk has been established and a suitable investment portfolio is constructed, this must be continually monitored to ensure that risk parameters are maintained, as the levels of risk associated with any investments are variable and can fluctuate with altering market conditions.

Lubbock Fine Financial Solutions runs five risk rated model portfolios: defensive, cautious, balanced, growth and adventurous. Each portfolio applies a different level of risk and invests in a well-diversified blend of investments suitable to an investor's attitude to risk.

If you would like to know more about the issues raised in this article, please speak to your contact partner or to Neville Pereira at Lubbock Fine Financial Solutions LLP on 020 7490 7766 or [nevillepereira@lffs.co.uk](mailto:nevillepereira@lffs.co.uk). LF

*This article is for information only and professional advice should be taken in advance of any changes to your financial affairs. Lubbock Fine Financial Solutions LLP is an appointed representative of Financial Ltd, which is authorised and regulated by the Financial Conduct Authority.*

## UPPERCUT FILMS

Uppercut Films is a small independent TV production company making observational documentaries for all the main UK broadcasters.

“I joined Uppercut in 2007 because Chris and I shared the same vision,” said Christine Hall. “We’d known each other for 20-odd years at the BBC and wanted to have our own brand of public service broadcasting, making documentaries that made an impact and that celebrated people’s achievements in life. We had also just realised that we enjoyed being together as a couple so it was positive for us as well and two years later we were married.”

Award-winning Uppercut joint directors Chris Terrill and Christine Hall both left the BBC in 2004: Christine dreamed of opening a restaurant whilst Chris left to establish Uppercut Films.

Instead of the restaurant, Christine worked as a freelance producer / director making the first two series of *Ramsay’s Kitchen Nightmares* for Channel 4, satisfying her need to get in the kitchen and realising it wasn’t as easy as she’d thought. Chris was working under the Uppercut Films umbrella but relying on larger production companies as co-producers to assist with budgeting, legal and health and safety issues. When Christine subsequently joined Uppercut she began to see the potential of getting the business firmly established as a small, efficiently run independent.

Chris and Christine’s first production together was a two-part series for Sky 1, following injured Royal Marines climbing Mount Everest. Chris, who has spent many years making films with the military, works as a one-man band directing, filming and recording sound



Christine Hall

for his films. As a trained anthropologist and an adventurer, this expedition with the Royal Marines was his idea of heaven. The programme, *War Torn Warriors*, was a success and commissions have been rolling in ever since.

“We set up the company without knowing much about how to run a business,” explained Christine. “How to handle money and balance the books was a bit of a mystery,” she continued, “and we sort of muddled along. I soon realised that Chris had little interest in learning about business acumen and so, having had experience of managing film budgets, I made it my duty to find out as much as I could about running a small company, but it was a steep learning curve.”

“Christine and Chris had been using a smaller accounting firm for many years,” explained partner, Jeff Gitter. “They felt it was important to move on and up their game with a firm that knew and understood the TV industry. Christine was looking for a hands-on approach to alleviate the burden of money and accounting issues. Whilst all businesses need to make a profit, Uppercut’s prime focus is to do what they’re



Chris Terrill on location

good at, which is to concentrate on making the best TV programmes possible.”

“Lubbock Fine does an outstanding job,” comments Christine. “For us it’s important to establish great working relationships with those we work alongside. We feel very comfortable with both Jeff and Neil Williams who understand our world and have put some really great systems in place. It’s now easy to track every company expense on simple software which takes the stress out of having to suddenly get all the figures together. These days, Lisa, our production co-ordinator, can do it at the press of a button, which is ideal.”



Theatre of war

Partner Neil Williams added, “For Uppercut Films, it was important to streamline procedures. There was a good deal of work up-front to achieve what was needed but the end result is that we now need to spend less time on day to day ‘hand-holding’, which has resulted in better systems for them and lower fees from us. I’d like to find a client who wouldn’t think that was a result!”

Now largely relieved of the financial aspects of running their business, Chris and Christine have been able to concentrate on continuing to make great documentaries. In 2006 Chris made a highly successful series for ITV, *Commando: On the Front Line*, which followed new Royal Marines recruits through training and out to Afghanistan. To fully understand the process and to gain the young recruits’ respect, Chris completed the training alongside them and became the oldest man to win an honorary green beret at the age of 55.

Five years later, in 2011, they were commissioned by Channel 5 to make another

series with the Royal Marines on deployment in Afghanistan. The result was *Royal Marines: Mission Afghanistan*, a series of six hour-long films that involved Chris spending two six-week stints embedded with the troops on Afghanistan’s front line.

As his wife and business partner, Christine found this a scary proposition and had to think very carefully about all the potential hazards. Fortunately, through the original series, they had made a good friend of Paul Mattin, a former Major in the Royal Marines, and promptly snapped him up as a consultant. Paul sometimes joins Chris on location as his right hand man, and Christine feels confident knowing her husband is in safe hands.

Just as *Mission Afghanistan* was ‘in the can’, Uppercut began shooting *Theatre of War*, an incredible project that saw the Theatre Royal Haymarket join forces with a group of injured soldiers to produce a play based on their experiences of war. There was no TV commission when they started filming but Chris

and Christine felt confident the broadcasters would be biting their hand off for this one – a ‘no-brainer’ they thought. As they followed through the rehearsal process with theatre director Stephen Rayne and writer Owen Sheers, the soldiers began to tell their stories and the play was starting to take shape but still no commission for the film was forthcoming.

Bankrolling the project themselves, they were still pretty sure someone would snap it up but the broadcasters said they were ‘Afghaned out’. With already small profit margins Uppercut had to weigh up whether to continue pumping money into the project or abandon it completely. The trouble was they were now deeply involved and to pull out would have been incredibly upsetting for the people taking part. In a last ditch attempt to secure funds, Chris appealed directly to Alan Yentob who he had known all those years ago at the BBC. Alan watched some of the footage and immediately saw the potential for a cracking 90-minute special to start his next series of *Imagine*. Whilst it hasn’t been their most profitable venture, it has been an extremely worthwhile labour of love. The play, *The Two Worlds of Charlie F* was a huge success and now, with Arts Council funding, it will open in Toronto next February before touring 15 locations in Britain, ending with a short run in London’s West End.

“We’re incredibly proud of what we’ve achieved at Uppercut and if you love what you do, it doesn’t feel like work,” comments Christine. “Chris spends probably half the year in exotic, and usually dangerous, locations (he’s currently filming with a fishing community in Mauritania), and we’ve had to wait four years for our honeymoon but the films we make are not only appreciated by the audience they can also be life-changing for the people who take part, and for us that’s what makes it all worthwhile.” <sup>LF</sup>

[www.uppercutfilms.co.uk](http://www.uppercutfilms.co.uk)

# CONGRATULATIONS TO OUR CLIENTS...

## Professor Peng Tee Khaw and The Death Penalty Project

Professor Peng Tee Khaw has been knighted in the Queen's Birthday Honours for 2013.

**P**rofessor Khaw specialises in glaucoma and ocular healing and is a Consultant Ophthalmic Surgeon at Moorfields Eye Hospital and UCL Institute of Ophthalmology. He has an outstanding track record of innovative research including developing new therapies, particularly for scarring. He has also developed surgical techniques, which have markedly improved the safety and outcome of glaucoma surgery, and he has developed new anti-scarring regimens based on laboratory research, leading to large international clinical trials and use. These treatments and techniques have been



successfully adapted for use in many parts of the developing world at minimal cost.

Professor Khaw said: "I am very humbled to have been awarded this incredible honour. I feel I have received this on behalf of all my colleagues here at Moorfields, UCL and around the world with whom I have been privileged to work, and who transform the lives of so many people every day."

The Death Penalty Project was shortlisted for the Charity Awards 2013.

The Death Penalty Project (DPP), was among the organisations listed for this year's Charity Awards shortlist. DPP is a project that has helped hundreds of prisoners who faced execution to be removed from death row. The Charity Awards are one of the sector's most prestigious schemes, and the 2013 winners were announced in June.

The DPP was shortlisted from hundreds of entries in the advice, support and advocacy category alongside just three other charities. For the last 20 years, this organisation has provided free legal representation and advice to prisoners under sentence of death around the world. In so doing, the DPP has

## WHAT WE'VE RAISED FOR CHARITY

Lubbock Fine's charity of the year for the last two years has been Macmillan Cancer Support.



**T**hanks to the hard work of many of our staff, the generosity of our clients, families, friends and a number of donations from partners and staff, we've raised over £15,000. This has been achieved through a range of activities involving our staff and, in some instances, the firm's partners.

- The Tough Mudder challenge, billed as "probably the toughest event on the planet" comprising a hardcore 10-12 mile obstacle course designed by Special Forces. Only 78% of entrants successfully complete each challenge and our entire team completed theirs.



instructed leading barristers and other experts on a pro bono basis to work on cases. It also provides training and education to doctors and lawyers involved in capital cases and seeks to reform laws on the death penalty.

The Charity Awards are the highest profile event in the charity calendar. All 30 shortlisted charities this year were judged by an independent panel of sector leaders as having demonstrated outstanding best practice from which other organisations can learn. <sup>LF</sup>

- The Thunder Run – a 24-hour 10k cross-country relay, run in teams of up to eight people – not for the faint-hearted.
- And the slightly less challenging but nonetheless profitable coffee mornings, raffles, rounders matches, street collections and Smarties challenges.

Nominated by the firm's staff, Macmillan is a very worthwhile cause and highly visible charity, helping with all the things that people affected by cancer want and need.

We're in the process of nominating a different charity to support for the next 12 months and will announce the decision in our Spring issue. <sup>LF</sup>

## PROFIT ON YOUR HOME IS FREE OF CAPITAL GAINS TAX (CGT). OR IS IT?

**Y**ou don't have to be a tax expert to know that there is no CGT charge on any gain you make on the sale of your home. The exemption for a main residence has been available since the introduction of CGT and, although there are some limits to the relief, for the majority of us who live in normal sized houses with average gardens the relief remains essential for moving along the housing ladder.

However, there have been a few cases recently which have examined the way in which the relief operates in practice, with some surprising results. In the past, many of the cases where HMRC and a taxpayer could not agree about the relief have turned on the relief for grounds or outbuildings, i.e. the extent of the relief. The recent crop of cases examine the nature of the residence itself and is creating particular problems for people who will live somewhere on a short term basis.

When trying to define a residence, a judge in 1998 established that it requires a degree of permanence: you can't claim the relief for a gain on a residence on the basis of a temporary stay. This seems fair and no-one was surprised when the taxpayer's claim for relief in that case failed on the basis of five weeks' occupation.

Like that case, the recent decisions concern people in the middle of matrimonial or relationship problems. A Mrs Susan Bradley was refused relief when, having separated from her husband, she moved into her second property for eight months before being reconciled with her husband and moving back to the original matrimonial home. Susan Bradley had gone to some trouble to refurbish

the property for her own occupation but made the 'mistake' of putting it on the market to sell. The Tribunal decided that, having indicated a desire to sell, Susan Bradley's occupation could only be temporary and the property could not be a residence.

More recently, a Mr Moore also had matrimonial problems and moved into another property. He lived there for eight months before moving on to live with a new partner. Unlike Mrs Bradley he had not put the new property on the market immediately, but by the time the claim for relief was considered by HMRC he had already moved out and so described his residence in the property as temporary. The Tribunal decided that this was sufficient to prevent relief: Mr Moore's occupation was insufficiently permanent to constitute a residence, and relief for his gain was denied.

Although there has never been a 'safe harbour' in terms of occupation, these cases set the bar for relief much higher than most advisors expected. Received wisdom has long been that quality rather than quantity of occupation was paramount. Thus, where a claim was reviewed by HMRC, vendors could expect to be asked to produce utility bills showing normal levels of service usage. However, the recent emphasis on permanence implies that short term occupation may not qualify, even if the taxpayer moved in with every intention of staying put. In particular, it is likely to lead to difficulties when taxpayers' personal lives are in transit and the last thing they need is an unexpected tax bill. So, if you think that you are unlikely to live in your property for the long term, please speak to your contact partner about tax relief and how you can give yourself the best chance of getting it. <sup>LF</sup>



## WE'VE GONE ALL ARTY!

As part of our corporate sponsorship of the arts, it is our pleasure to announce that London's National Theatre now joins our roster of three. Having been associated with the Royal Academy of Arts for the past year and the Orchestra of the Age of Enlightenment for several years, we are now delighted to provide support to this bastion of national culture.

The National Theatre is firmly embedded in the British psyche having first opened its doors in 1963 under the guidance of Laurence Olivier. More than 800 productions later, it is now fundraising to finance alterations to provide a warmer welcome to audiences, nurture new generations of theatre-makers and enhance digital facilities helping to showcase more of its work globally.

The theatre also marks its half-century this year with a short season celebrating the remarkable people and plays that have made it one of the most cherished and creative of great British institutions.

"The National Theatre has been in my consciousness ever since I can remember," said managing partner, Mark Turner. "I'm really excited that Lubbock Fine is supporting such a great, national institution of worldwide repute - particularly at such a seminal moment in its history. We very much look forward to a long and mutually beneficial association." LF

## WINNERS OF THIS YEAR'S CROP OF IPADS

For the second year running, we enticed our tax return clients to submit their information in good time by running a prize draw for one of five iPads. Everyone who submitted before the end of September qualified to enter into the draw.

Getting this information in to us in good time is very helpful to our tax department and we'd like to thank our many clients who joined in the fun and submitted theirs before the end of September.

For those clients who haven't yet done so, it would be really helpful if you could send your information to us before Christmas.

The lucky winners of this year's prize draw are:

**Niranjam Pattni** – client of Pankaj Shah  
**David Landau** – client of Naresh Shah  
**Eve Winstanley** – client of LF Creative  
**Arun Chauhan** – client of Rohit Majithia  
**Dawn Laren** – client of Russell Rich

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We're always delighted to feature good news about our clients. If you have something special that you'd like to shout about, please email [marketing@lubbockfine.co.uk](mailto:marketing@lubbockfine.co.uk) and we'll try to get your story into our next issue.

