FINE LINES.

Advice that adds up

The Lubbock Fine Magazine ● ISSUE 55

IN THIS ISSUE:

NEW YEAR AND THE ALL NEW LOOK THAT ADDS UP

Managing Partner
Mark Turner explains

Welcome to the new look edition of Fine Lines, the Lubbock Fine Magazine which replaces our former newsletter. The first edition of Fine Lines was printed back in 1993 and the publication has been progressively evolving over the years. We have aimed to retain the best of our previous newsletter and combine that with a fresh, new look. We hope that it's still a good, easy read and full of useful information for our many clients and contacts. If you have any feedback for us about the new version, or indeed about any aspect of the magazine, please let us know.

Our new-look, magazine-size publication comes hot on the heels of the firm's new website at **www.lubbockfine.co.uk.**

Whilst we've updated and enhanced our graphics and branding, we've also taken care to upgrade the functionality and content of our site, making it far easier to navigate through our various sections.

The added functionality includes a 'search Lubbock Fine' box at the top of the screen, taking you quickly to where you want to be on the site. Drop down menus feature on the menu bar at the top and links to YouTube, LinkedIn and Twitter are now available. There is a 'Recent News' section and altogether more interactivity and much more movement and flow on the site which we believe adds to its interest and appeal.

We'll be updating our 'recent news' section on a regular basis, keeping you in touch with interesting developments both within the firm and in the wider world in general. If you haven't yet seen the new site, please take a look.

We'd like to take this opportunity to thank our design agency, NU Creative, for all their input and hard work undertaken to achieve our impossible deadlines. Great job guys! LF

www.nucreative.co.uk

LF CLIENT PROFILE

PRETTYGREEN

Lubbock Fine client Mark Stringer, founder of PrettyGreen, describes himself as a contradiction

"On the one hand, I love the small nimbleness of being in start-up mode and in a honeymoon period. I'd love that not to change. On the other hand, there's a sense that one might be able to conquer the world with all that it can bring. So it's a challenge to hang onto that fun, start-up feeling whilst growing and expanding the company."

As an independent brand incubator for entertainment, lifestyle, blue-chip and start-up brands, PrettyGreen brings brands and ideas to life. Formed on American Independence Day in 2008, Mark Stringer had got to a point in life where, well, he needed some independence. Working for other people meant that he couldn't do what he really wanted to but to do things differently and have a hand in creating his own brands meant leaving the security of a job and setting up a new business. Creating brands required funding and he hit upon the idea of forming a brand incubator.

"Incubating a brand means looking after it and nurturing it to make it grow and flourish," he explains. "Bring that brand and those ideas to life and people will buy in."

The brand incubation concept extends to the company's own set up. When internally focused, it involves nurturing their own people and helping them to develop. This has the effect of generating great ideas and Mark Stringer believes that everyone has those within them.

"If our people's enthusiasm and passion can be harnessed and used within, that's far preferable to losing them when they go off to create their own venture. If we can actually incubate our own people, this makes it a great place to be."

PrettyGreen's work over the last three years for clients such as Nando's, Red Bull, Sony Ericsson and various Cadbury products would seem to bear out his business theory.

The company is now split into PrettyGreen House (to nurture and grow its own brands) and PrettyGreen Ideas (a more traditional set up, working with established brands which helps to fund the company's work with new businesses).

With many business start-ups needing to launch brands without the necessary budgets, and public relations being a fundamental part of business success, PrettyGreen House will trade its time and expertise for a stake in businesses it believes in. The company looks to create long-term partnerships, working with clients who seek the new and breakthrough, companies that want to break boundaries and do things differently. It has also launched its own brands, including in partnership with Metropolitan Spirits, La Maison Fontaine, an absinthe that has already won a record 12 awards, making it (probably) the best absinthe in the world at only one year old.

PrettyGreen Ideas follows a more traditional model. It was conceived with Red Bull as a founding client and they remain a core and key client to the business today. Nando's is a client of three years' standing and PrettyGreen is heavily involved with Cadbury's sponsorship of London 2012. An exciting, new client is Under Armour – the hottest sports brand in the US and the brand that the UK's sports industry is currently most excited about. Having sponsored the Welsh rugby team and set to be Tottenham Hotspur's sponsors from next season, this is definitely one to watch.

From a standing start in 2008, PrettyGreen has now grown to 40 staff, with an annual turnover of

Founders of Metropolitan Spirits – *Mark Stringer and Sven L. Olsen*

around £6m, so the business model is clearly working.

"We've been involved with Mark and PrettyGreen since 2009," explained partner Russell Rich. "From the very first meeting, I felt that Mark had a real passion for his work ,coupled with a unique business vision. It's an exciting company with a fresh approach and a young team led by a true entrepreneur."

Mark Stringer is the first to admit that there have been problems and pitfalls along the way, although he's a great believer in making mistakes. "For a stupid amount of time, I was very much driven by destination: wanting the better car, the bigger house, all the material things that give you the veneer of success," he explained. "Once I had all of those things, I realised that what made me really happy was the journey I'd been on in acquiring them. Now I measure success by whether I'm enjoying myself. Am I having fun? I try to do everything in the spirit of enjoyment and understand that mistakes just make you better."

So, PrettyGreen doesn't like to dwell on mistakes, although Mark acknowledges the everyday ones that are easy to make, such as not fully appreciating that building up a business inevitably takes longer and costs more than original estimates. Believing that banks are your friend is a mistake, whilst retaining entrepreneurial enthusiasm and energy becomes more difficult with age when you realise that along with success, you now have more to lose.

Award winning premium absinthe La Maison Fontaine.

After venturing down a number of very unrewarding cul-de-sacs, a friend and mutual client eventually introduced him to Lubbock Fine through Russell Rich, whom he immediately took to. Soon afterwards, Lubbock Fine associate, Neil Williams, was also drafted onto the team.

"It's now two years on and the relationship is excellent," Mark explained. "Russell, Neil and the team are always attentive, responsive, proactive and have helped us through some particularly difficult professional and personal tax issues. They're really professional and they never say 'no'. They have a great 'can do' attitude, and when we needed help with some business based overseas, through their international network, Russell Bedford International, they were even able to do that too."

"We now help PrettyGreen with all things financial, including management accounts, forecasting, VAT, corporation tax, payroll and more," explains Neil Williams. "We've recently been involved with helping to recruit a Financial Director as, even though I spend time in their offices and have been acting as quasi FD, their rapid business expansion means that they now need a dedicated, full–time person."

PrettyGreen's company motto is: To be someone is a wonderful thing. Its philosophy is to be the opposite of bland and achieve the best possible personally.

"For the future," added Mark Stringer, "I'd like to continue starting new ventures and winning awards for new products. It would be great to be able to carry on with that." LF

www.itsprettygreen.com

HMRC TARGETS TAXPAYERS WITH OVERSEAS LAND AND PROPERTY

Following the establishment of a specialist unit late last year, HMRC is targeting taxpayers with undeclared income and gains as part of the Government's £900m investment in tax investigations.

The latest group to be singled out is individuals with land and property abroad. HMRC will use data mining techniques to search publicly available information to identify these taxpayers and compare these details with its records.

The aim of this initiative is to identify taxpayers who:

- have overseas property but do not appear to be able to afford to own it legitimately
- are renting out overseas property and not declaring the profits
- have sold an overseas property and not declared the capital gain

For taxpayers who fall into the above categories, it is always better to talk to your professional advisers and agree to approach HMRC to disclose any irregularities, as penalties for unprompted disclosure are likely to be much lower than if you wait for HMRC to contact you.

This is just the latest of a number of initiatives whereby HMRC is using its information powers to proactively target specific groups of taxpayers where it perceives that there is an increased risk of undeclared tax. Other

examples have included a series of letters to holders of overseas bank accounts and obtaining information from a variety of sources to cross reference against the tax records of doctors, plumbers and private tutors. These have also involved a number of 'amnesty' programmes allowing a swift resolution of the tax arrears and a fixed penalty.

If you or someone you know may be affected by this initiative, or otherwise are concerned about potential irregularities in your tax affairs, please contact us on 020 7490 7766 or though our website at www.lubbockfine.co.uk, so that we can discuss the specific circumstances and determine the best way forward. LF

NON-DOMS AND THE REMITTANCE BASIS

Consultation results announced 6 December 2011

Remittance Basis Charge

- The annual remittance basis charge, payable by individuals who claim the Remittance Basis and have been UK resident in at least 12 of the last 14 tax years (subject to limited exemptions), is to rise from £30,000 to £50,000 per year from the tax year 2012/13. For individuals who have been resident for at least seven out of nine tax years but less than 12 out of 14 years, the charge remains at £30,000 per year.

Remittances for investment

- From 6 April 2012, resident non-doms will be able to remit overseas income or capital gains to the UK tax-free, when doing so for the purposes of making a 'qualifying investment'. That is to say, an investment in unlisted companies or those listed on exchange regulated markets that carry out trading activity on a commercial basis or undertake the development or letting of property. Specific anti-avoidance provisions apply.

Nominated income

- The rules will be relaxed from 6 April 2012. This could have the effect of simplifying an individual's record keeping/reporting requirement without the individual becoming subject to the complex identification rules. Certain steps are required to take advantage of this, so please speak to your contact partner if you'd like to know more.

Foreign currency bank accounts

- From 6 April 2012, the withdrawal of funds from foreign-denominated bank accounts for all individuals, personal representatives and trustees will be exempt from UK capital gains tax. Whilst great news for non-doms, loss relief will also no longer be available, so consideration should be given to withdrawals before April that might crystallise a loss.

A statutory residence test

- The Government proposals for a statutory residence test have been put on hold until at least 2013. LF

PAYING FEES ONLINE

In our brave new electronic world, more and more of our clients and contacts are opting to pay their fees online. If you have an online banking facility, it really couldn't be easier to do and saves time and hassle. Your online banking will guide you through the process, providing the various boxes to complete and requesting you to input a reference so that we'll always know from whom the payment comes.

Our banking details are clearly visible on the front of invoices and statements. Please feel free to give it a try. LF

LF ALUMNI NEWS

THE ONE THAT GOT AWAY

Many of our clients will remember Phil Offord who joined us as a trainee in 2003. He qualified in 2006 and in 2008 joined Associated Newspapers where he took on a number of roles, including finance manager and business analyst. Phil has now been promoted to finance director at media business Metro in addition to his current duties as head of finance. In this new role, Phil is a member of Metro's executive team and will be tasked with growing the business and its future investment plans. "We were very sorry to lose Phil at the time," said Lubbock Fine managing partner Mark Turner. "We always felt he was someone who was going places and he has now proved us right."

On behalf of everyone at the firm and all of our clients who came into contact with Phil, we offer our sincere congratulations and best wishes for the future. LF

Phil Offord

LUBBOCK FINE VOTES TO SUPPORT MACMILLAN CANCER SUPPORT FOR 2012

In November last year, we asked everyone at Lubbock Fine to nominate a charity for the firm to support at Christmas and for the forthcoming year. The choice (by a wide margin) was Macmillan Cancer Support. During the course of the year, we will be working with Macmillan to raise funds for the new UCH Macmillan Cancer Centre, a state of the art facility at University College Hospital, London. LF

WE ARE MACMILLAN. CANCER SUPPORT

LF NEWS

CONGRATULATIONS TO OUR CLIENT RIGBY & PELLER

Rigby & Peller recently announced the sale of shares to the Belgian publicly quoted company Van de Velde. The luxury heritage company, which holds the Royal Warrant to H.M. Queen Elizabeth II, sold an 87% majority stake to Van de Velde, leaving the Kenton family with a minority 13% holding.

"It was important for us to choose a company that shared the same values and vision as Rigby & Peller," said June Kenton. "Our staff and customers rely on us to deliver high standards in product and service. It is a privilege to sell the majority stake to Van de Velde who, like us, are a family oriented company and appreciate the value of heritage whilst looking to the future for growth and success. Our entire team at Rigby & Peller are looking forward to working with them."

Established in 1939, Rigby & Peller was acquired in 1982 by June and Harold Kenton who transformed the company into a worldwide destination retailer synonymous with discretion and excellence. Today Rigby & Peller has an A-List following that frequents its seven stores, made-to-measure business and online offering.

June Kenton and her son David Kenton will remain active as members of the Board of Directors of Rigby & Peller.

And in what was a truly momentous year, June Kenton was also recognised by the UK lingerie industry and presented with both a lifetime achievement and independent retailer of the year award at the industry event in September 2011. LF

PENSIONS AND INVESTMENTS THAT REALLY ARE ALMOST TOO GOOD TO BE TRUE!

By Neville Pereira, Lubbock Fine Financial Solutions LLP

In these uncertain times, budgets need balancing. It's clear that along with all of us, Governments too must use all tools at their disposal to balance their budgets. In the UK where we pay income tax, national insurance, capital gains tax and even inheritance tax from the grave, wouldn't it be wonderful to find a way that allows us to benefit from an HMRC refund of tax paid, or due to be paid, or even to defer the tax until such time as it can be mitigated. Despite austerity measures, there are still a number of tax efficient investments that allow individuals to do just that.

Let's look at the case history of Mr Brown, aged 60. He has relevant income of £350,000 per annum and £500,000 in cash deposits, together with some other investments including a small pension fund. He will therefore pay tax on part of his total income at 50%.

In addition, following the sale of a second property, a capital gain of £120,000 had been crystallised resulting in a capital gains tax (CGT) liability, after use of his annual exemption, of some £30,000. He sought advice as to how he could mitigate this substantial tax liability. Mr Brown had a balanced attitude to risk but was happy to agree a more adventurous risk strategy with part of the capital. He was content to invest £230,000 gross into various tax based shelters to fulfil his objectives.

By using a combination of investing into a Self Invested Personal Pension (SIPP), Enterprise Investment Schemes (EIS) and Venture Capital Trusts (VCTs), he could potentially have £280,000 invested (after taking a tax free lump sum of £50,000 from his pension) at a net cost of only £113,000 - the difference of a whopping £167,000 being funded entirely by HMRC. Sound impossible? Well, there are a series of measures that can be taken to achieve just that and these are outlined below.

Combining Pensions, Enterprise Investment Scheme (EIS) and Venture Capital Trust (VCT)

Mr Brown does the following

- pays £200,000 gross into a SIPP and obtains 50% tax relief at an eventual net cost of £100,000.
- He additionally invests £100,000 gross into an EIS and obtains 30% income tax relief.
- He defers the CGT due of some £28,000 on the sale of his second property. He also invests £30,000 into a VCT.

As Mr Brown is 60 years old he could immediately, if appropriate, take a 25% pension commencement lump sum, which is currently tax free, from the gross contribution of £200,000 which equates to £50,000. Therefore, the balance of the pension fund of £150,000 results from a net contribution of only £50,000. This equates to a 300% return all thanks to HMRC.

The following has been achieved:

Tax Wrapper	Pension	EIS	VCT
Gross contributions	£200,000	£100,000	£30,000
CGT deferral (EIS only)		£28,000	
Net contribution (after tax relief)	£100,000	£42,000	£21,000

In implementing this strategy we first need to calculate the available amounts that can be paid into a pension. Individuals can make a total annual gross contribution of up to £50,000 per annum and obtain tax relief at their highest marginal rates. They can also carry forward unused relief from the previous three tax years to the current tax year 2011/2012. In order to carry forward contributions, the individual must have been a member of a registered pension scheme.

EIS

EIS schemes allow individuals to obtain tax breaks and are designed to raise capital for small unquoted trading companies. Up to a maximum of 30% income tax relief is available for up to a £500,000 investment each tax year. However, the shares must be held for a minimum of three years from the date of the issue of a certificate confirming the investment. EIS schemes also allow an unlimited amount to be deferred for CGT. On a sale of the shares in, say, three years from the time of purchase, there is no CGT due on the sale, but any deferred CGT will be crystallised. However, this could be mitigated by utilising an individual's CGT annual exemption over a period of time or by using free inter-spousal transfers. Alternatively if the shares are held until death, any deferred CGT is washed away and not payable, and the resulting investment can be inherited by beneficiaries.

VCT

VCTs also invest in small companies which allows up to 30% income tax relief and the ability to benefit from tax free dividends and no CGT on sale. Investments must be held for five years. »

(cont.)≫

Summary

Upon death, an uncrystallised SIPP is also free of any taxes, including inheritance tax before age 75, and an EIS after only a two year qualifying period. The monies in the SIPP also allow freedom to choose how the investments are managed. Both EIS and VCT schemes are considered high risk investments and potentially may suffer from liquidity. Nevertheless, as in the case of Mr Brown, if we add the total net position and potential IHT savings, the tax reliefs make for a compelling argument in favour of them although, as there are risks attached, investors should not make decisions on the tax breaks alone. However, a balance can be struck between the various tax wrappers to spread investment risk whilst mitigating a great deal of tax and getting some money back in these difficult times. LF

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 LFFS on 020 7490 7766 or email nevillepereira@lffs.co.uk.

This article is for information only and professional advice should be taken in advance of any changes to your financial affairs.

HM Revenue and Customs' practice and the law relating to taxation are complex and subject to individual circumstances and changes which cannot be foreseen.

Investments into EIS and VCT are considered high risk investments and you may not get back the full amount you invested.

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Delegate outing to the Taj Mahal

RUSSELL BEDFORD INTERNATIONAL

Incredible India: New Delhi delivers inspiring conference

The intrigue and rich cultural diversity of India helped to attract an excellent turnout with participants from 40 countries at the network's annual conference last October in New Delhi.

Reflecting both the diversity and the limitless opportunities of this emerging market, last year's event - held at the Taj Palace Hotel - delivered a series of highly practical, interactive sessions with a focus on practice management, business development and current technical issues.

An impressive line-up of guest speakers gave an overview of the country's opportunities and an outline of India's economic position compared to other key international markets.

Workshops covered a variety of subjects such as the value of special interest groups in developing new business and a demonstration of how close inter-firm collaboration has helped an Italian automotive company establish an international joint venture.

If you have international business interests and need advice in jurisdictions outside of the UK, we almost certainly have a Russell Bedford member firm that can help you. For further information, please speak to your contact partner. LF

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