

communiqué

ARDEL NEWSLETTER

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From Bachmann to Ardel

Ardel Holdings Limited is the new name for the Bachmann trust and funds business. The name change is part of the management buy-out (MBO) process which has seen around 40 of the senior management team become shareholders in the company.

Chief executive officer Gerry Williams, said that whilst the change in identity was essential to take the company forward, continuity, and the ongoing provision of excellent client service were paramount.

"The new brand is the next logical step in the MBO process. With so many of our employees now invested in the company it is natural that our identity should evolve to match our new ownership.

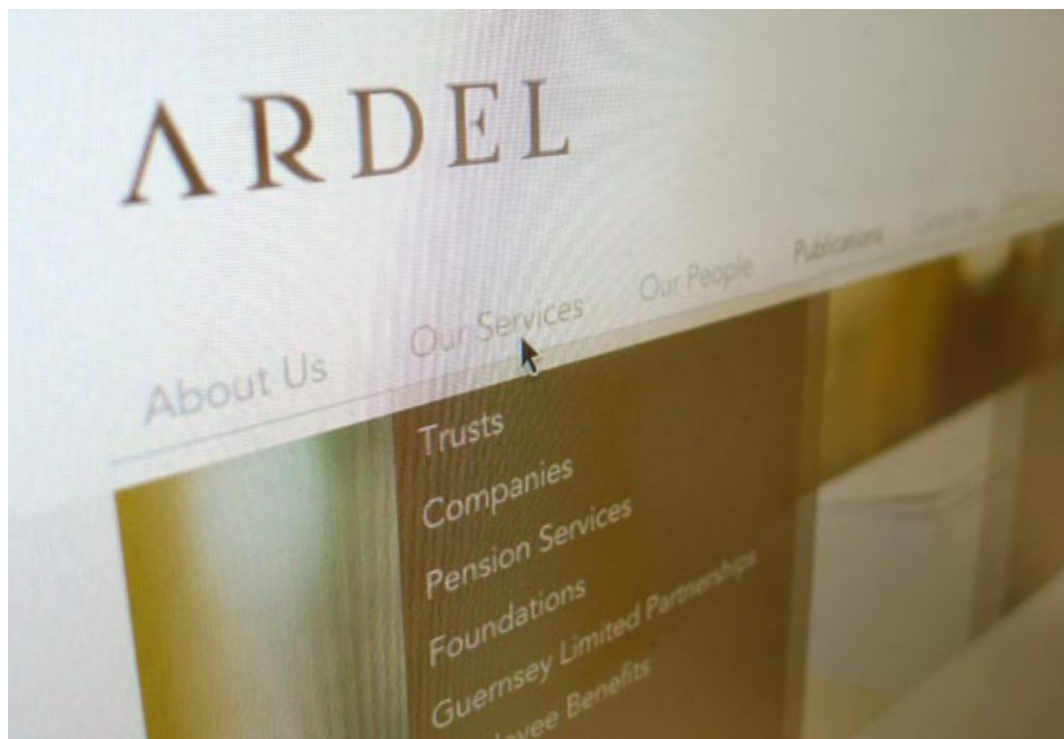
This company has been built on our solid reputation for independence and expertise,

which enables us to be flexible and innovative in providing solutions for our clients. We're confident that this will continue as we take Ardel forward, and will set the foundation for our 'buy and build' strategy, which will see us pursue opportunities for expansion, both in Guernsey and in other jurisdictions."



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"The new brand is the next logical step in the MBO process. With so many of our employees now invested in the company it is natural that our identity should evolve to match our new ownership."



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ARDEL



Management Buy-Out

A busy time for all involved

This has been a momentous time for the staff and management team of Ardel with the conclusion of the Management Buy-Out (MBO) quickly followed by the change in name from Bachmann to Ardel. Every division of the company and every member of staff have been drawn in to the change process which has included the launch of a new website and the establishment and communication of the new brand. A very busy time for all.

Those who know the company well will be aware that we have a proud history going back to 1974 when Peter Bachmann formed the Bachmann Group. The Group was destined to become one of the largest independent trust companies in the Channel Islands with offices in New Zealand, United Kingdom, Geneva and of course Guernsey. The company went from strength to strength employing at one stage nearly 200 staff with a client base of close to 1,500 clients. A significant achievement bearing in mind the very competitive and some times difficult environment in which the Group has operated.

Until earlier this year Peter Bachmann continued to hold in excess of 90% of the shares of the company but decided that he would like to reward the management team that had helped him grow the business and proposed the MBO. If you have been involved in an MBO you will know that the process is never as straight forward as it seems, particularly when the plan is that all the management team should have an equity interest in the company. With goodwill on both sides I am delighted to say that the MBO was concluded in April this year.

As a result Ardel Holdings was born with operations in New Zealand, United Kingdom, Geneva and Guernsey. The company today is owned 40% by the

management team represented right across the business and I am delighted to report that we have not lost one member of the management team as a result of the MBO.

It is also important to stress that there have been no changes from a client perspective as clients still deal with the same people and, if anything, the desire to provide a high quality service has increased. The additional motivation provided by having an equity interest in the business is seen as a real benefit to clients and business introducers.

We strive to improve service and look to make life as easy as possible for clients in what is still a complex market. It is important to stress that we are not a bank and we do not manage investments and this together with our independence removes any potential conflict of interest and allows us to be flexible and make decisions quickly which is an important plus for our clients.

In conclusion Ardel is a company where a significant percentage of the equity interest is held by the individuals who deal directly with the clients. This we believe results in a greater understanding of client needs and will lead to a higher level of client satisfaction. We very much look forward to growing the business.



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Is there life on planet EFRBS?



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The much anticipated review of the tax relief on pensions has finally been published. The big news is the reduction in the ceiling for contributions to registered schemes from £255,000 to £50,000 per annum. This will take effect from 6 April 2011, replacing the ludicrous system introduced by the last government. The lifetime allowance has also been chopped from £1.8m to £1.5m.

You have probably heard all the above on the news already - but what wasn't so widely reported was a whole load of grumbling in the review about EFRBS. The emergency budget in June flagged up EFRBS, but in a very gnomic way. This latest review, by contrast, is positively garrulous.

The government's message is that they think the new lifetime allowance is more than adequate, commenting that a £1.5m pension pot would enable the member to take a tax free lump sum of £375,000 on retirement with an annual pension of £62,000 thereafter. The report doesn't mention that after tax this will leave the pensioner with only £47,270. Apparently this is more than enough and if you want any more then you are just being greedy. So, since the approved limits are adequate there really isn't any need to "top up" your pension pot with contributions to unregistered schemes such as EFRBS.

We are not told exactly what measures will be introduced and will have to wait for the draft legislation later this year.

The optimistic view – that the legislation will simply close a few loopholes (such as using a double EFRBS to gain an advanced corporation tax deduction) whilst leaving the main architecture in place - looks hopelessly romantic to me. The pessimistic view – that contributions to EFRBS by employers will be subject to income tax – is looking rather more likely. I suspect government will achieve this by bringing EFRBS within the Schedule 34 regime, which limits the contributions possible to the annual allowance which, of course, we are told is more than adequate at £50,000. Any contributions above the limit would then be subject to income tax. Alternatively, government could enact changes to return to the pre A-Day position, so that an employer contribution to an EFRBS is subject to income tax and NI as if it were salary. If this does happen then they will need to change the tax on extraction, otherwise the funds will be taxed twice.

So, what shall we do? The choice is simple – you can set up your EFRBS now and hope that any legislation isn't retroactive (which is unlikely); wait until the draft legislation is produced and then set up your EFRBS before the likely commencement date (6 April 2011); or you can do nothing at all and just pay your tax.

“Without action, EFRBS will be more tax advantaged than registered pension schemes for pension savings above the annual allowance.”

I have argued for some time that in the light of the restrictions on pension funding using an EFRBS is one of the few legitimate ways of reducing the overall tax burden on employment income. The government seems to agree with me, commenting that “New and extensive use of EFRBS to provide retirement benefits would create significant risk around the yield projected from the restriction of pensions tax relief and is not in keeping with the principle of creating a more affordable pensions tax regime. Without action, EFRBS will be more tax advantaged than registered pension schemes for pension savings above the annual allowance”.





'Top 35 under 35' accolade for business development manager

A business development manager from Ardel Holdings has been named as one of Private Client Practitioner's Top 35 under 35 private client advisers for 2010.

Debbie Mahanta works for Ardel Trust Corporation plc, formerly known as Bachmann Trust Corporation plc, and was recognised for her extensive knowledge and expertise of all areas of UK wealth planning issues with a particular emphasis on trusts.

Debbie joined Ardel Trust Corporation as a business development manager in 2008 having previously worked for UBS Wealth Management in Zurich. Her role included giving wealth structuring advice primarily using offshore structures and developing new products for the UK and Switzerland. She has also worked at Goldman Sachs Bank AG and St James's Place Wealth Management.

The Top 35 under 35 private client advisers is now in its second year and is compiled by Private Client Practitioner, the magazine for leading private client professionals. The listing is designed to recognise the rising stars within the private client advisory profession and includes lawyers, accountants, trustees and other professional intermediaries. The magazine has also listed Ardel amongst its 'Top 25 Trust Companies' for 2010.

Gerry Williams, chief executive officer said: "I wish to congratulate Debbie on her inclusion on the Top 35 under 35 list for 2010. It is a tribute to her hard work and dedication that she has been included on this prestigious listing.

Debbie is extremely knowledgeable and talented and this accolade cements her position as a leading private client advisor. I am confident that her star will continue to rise in the future".

QROPS - are they here to stay?

THE QROPS LANDSCAPE

As with most financial services or products the landscape has changed dramatically for QROPS since they were first introduced into the market place by HMRC back in April 2006. In the early days very few schemes were available in even fewer jurisdictions. This meant that providers were able to charge a premium rate for this new and badly needed product which had significant appeal and advantages, within a relatively uncompetitive environment. Specifically, a way for expats with UK pensions to be able to avoid the 25% UK tax rate on payments from their funds must have been music to their ears and therefore administration fees at this point would have almost become of secondary importance.

With an ever increasing number of us choosing to retire abroad, the QROPS was inevitably going to experience the massive boom in popularity it has enjoyed during the four and a half years since its inception.

The environment now is a very different one resulting in the consumer being offered a wide spectrum of choice in terms of both jurisdiction and provider, and consumer choice can only be viewed – except in exceptional circumstances – as a good thing.

The more "traditional" jurisdictions in terms of QROPS providers were Isle of Man, Guernsey, New Zealand and Ireland – amongst others. More recently, Gibraltar (following some issues with HMRC) and Malta (as recently as April this year) have opened the market further and no doubt this trend will continue.

THE BENEFITS

A QROPS is an innovative and flexible pension scheme for people who have worked in the UK but are now expatriates, intend to move abroad permanently or have plans to retire overseas. Its benefits are numerous and will differ between specific jurisdictions but it is worth setting out the key ones.

The main benefit of a QROPS is the fact that there is no obligation to buy an annuity by the age of 77 as there is with UK pension arrangements. This means that the value of the fund at death passes to nominated beneficiaries rather than be forfeit as in the case of an insurance annuity.

There is also considerable flexibility in terms of the timing of taking benefits from a QROPS between the ages of 55 and 75. At any time during this period the member can elect to take up to 30% of the fund as a lump sum and an annuity in the form of a payment from the fund.

The pension fund in most cases will accumulate free of tax - but this can differ depending on the



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jurisdiction of the QROPS. For example the rules relating to fund taxation in New Zealand calculate tax on the growth of the fund, but do not tax benefits. Guernsey, however, does not usually tax non-Guernsey residents on the growth of the fund or pension benefits and therefore has proved a popular choice of jurisdiction for QROPS.

A member must report to the HMRC on payments made from the scheme within the first five years of the member's non-residence. After that first five years, the HMRC falls out of the picture, however it should be noted that in some circumstances, such as member directed arrangements (so called investment regulated schemes), the requirement to report to HMRC remains after the 5 year period.

“With an ever increasing number of us choosing to retire abroad, the QROPS was inevitably going to experience the massive boom in popularity it has enjoyed during the four and a half years since its inception.”

Most jurisdictions offer a high level of flexibility when it comes to investment. This is a significant benefit for members who may feel that they require greater investment choice than may be available within their existing UK pension arrangements.

WHY GUERNSEY?

Guernsey over the last 5 decades has proved itself to be wholly adaptable to ever changing markets, and continues to show its versatility within the finance industry to ensure that the island is a secure yet flexible jurisdiction in which to conduct business. Peace of mind with regard to the security of a pension fund is of paramount importance when selecting a jurisdiction and Guernsey is most certainly in an extremely strong position within the QROPS market place. A well established well qualified workforce within the sector; a legislative framework which enables the island to be at the forefront of developing and marketing new financial products; a regulator which is both stringent and yet at the same time wholly pragmatic and commercial in its approach – all factors which make Guernsey the jurisdiction of choice for a range of financial services including pension funds such as QROPS.

WHICH PROVIDER?

With the opening up of the QROPS market the choice of provider can be less than straightforward. Cost will play a part of course but service levels are far more important – with the context of ensuring a client gets value for money at all times. QROPS come in a wide variety of packaging but essentially fall into two categories:

- An “off the shelf” product with pre-agreed investment funds and assets
- A bespoke scheme designed and managed around a client's individual requirements

The Ardel Personal Pension Plan was established in 2008 and is run by our established team with over a decade of experience running pension schemes. We are a wholly independent fiduciary services organisation – one of the first in Guernsey to be granted a formal licence by the Guernsey Financial Services Commission following the introduction of regulation of that sector in 2000.

The unique aspect of the Ardel service offering is that we are proud to work with a wide range of experts in many specialist fields – be it tax, pension, investment, legal, accountancy – and therefore are in the ideal situation to create the perfect solution for each individual case.

Our independence ensures that we are able to deliver a wholly impartial service with no conflicts of interest. As we are not an investment house, we are able to work with our clients' own investment manager if that is the preferred option. This ensures that we are able to be extremely flexible with regard to investment choices – more so than a good number of our competitors.

In addition members can approach the trustees for loans from their trust fund within the scheme, although such loans would be on a secured and commercial basis, and must not exceed 25% of the fund.

These benefits demonstrate why we regard our QROPS service as a “solution” rather than a “product” – this for us is more than a semantics difference but underlines the bespoke service we offer all our fiduciary clients.

Certainly the QROPS environment is changing as we would have expected four years ago when they were first introduced. The popularity of the schemes across what is now a considerable number of jurisdictions in itself suggests that this – or similar schemes are here for the long term.





Shoo Rayner at Forest Junior School

£850 raised

for Anthony Nolan charity by Team Ardel



18 members of staff from Ardel Holdings Limited braved Guernsey's cold and windy St Peter Port harbour to compete in dragon boat racing in September. The event, which was organised by the Anthony Nolan Leukaemia charity, took place on Saturday 25th September. Team Ardel sported newly branded t-shirts and put in an outstanding effort, finishing 4th out of 13 teams. The event was organised by Mel Le Page and Tim Gilchrist and has raised £850 for the charity. Two staff members even signed up to become bone marrow donors on the day. Client Accountant Mel said: "We would like to say a big well done to the team from Ardel and to everyone that supported them. Each year Anthony Nolan carries out such valuable work so to have raised £850 is excellent and we are confident that our contribution will help the charity continue their important work into the future." The company might have an even greater presence next year with two teams looking to compete.

"We would like to say a big well done to the team from Ardel and to everyone that supported them. Each year Anthony Nolan carries out such valuable work so to have raised £850 is excellent."



Children's Book Week

5000 attend 2010 Children's Book Week

Guernsey students were treated to a special visit by three star authors during the 2010 Children's Book Week. The event, which was organised by the Schools' Library Service and sponsored by Ardel Holdings Limited, took place from 4th – 8th October. Award winning authors Simon James, Shoo Rayner and Paul Dowswell visited various schools across the island during the week. Nearly 5000 young people in the island met with the authors and enjoyed learning about their work. Writer and illustrator Simon James visited the island's infant schools, Shoo Rayner, who has written over 130 children's books, visited the junior schools and Paul Dowswell, who writes fiction and non-fiction for young people, visited the junior and secondary schools. Pupils at each school were invited to enter a special competition as part of the event with book tokens and a book by one of the authors up for grabs for the lucky winners.

Community Social & Charity

Diary of Events

4th-8th October

Shoo Rayner, Paul Dowswell and Simon James visit schools for Children's Book Week with the help of the Schools' Library Service and Ardel Holdings

25th September

Dragon Boat Racing in aid of the Anthony Nolan charity attended by 18 members of Ardel staff

2nd November

A drinks party is held at 30 St Mary Axe for the launch of Ardel Holdings



Ardel entertains in London

On 2nd November over 200 of Ardel's clients, colleagues and business introducers gathered on level 40 at 30 St Mary Axe for drinks atop the London skyline. The event marked the completion of the management buy-out process and the recent rebranding of the company from Bachmann to Ardel Holdings Limited.

Ardel's directors welcomed guests to 'the Gherkin' along with several notable financial trade journalists. The evening was a great success and has helped introduce the company's new identity to client and finance industry colleagues alike.

Chief executive officer Gerry Williams said "We felt it was important to meet many of our clients personally to introduce the new brand. As well as meeting in a business context I felt the informal setting of a drinks event worked perfectly as a means of presenting our new brand to clients. It is certainly something we'll consider doing again if a suitable occasion presents itself."

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Being seen to be green

"We currently have 25 initiatives running to reduce waste, reduce our carbon footprint and to recycle as much as we are able to."

We have recently noticed the emergence of a new area for consideration by potential clients when contemplating where to award their business – environmental credentials. Fortunately this is something that Ardel Holdings Limited has been actively devoting a lot of attention to over the past five years and we have been able to successfully demonstrate our commitment and win the business. We currently have 25 initiatives running to reduce waste, reduce our carbon footprint and to recycle as much as we are able to. We are now looking to expand this effort and are looking to appoint employee representatives with a keen interest in the subject. The individuals would join the working committee together with our building and office management team, with the intention of identifying further areas for improvement.

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Important information

We believe that the information in this newsletter is accurate. However it is unavoidably general in nature and not a substitute for taking proper advice before taking a specific decision. Anyone considering investment should note that this is not an investment advice document and so should not be used as the basis for making investment decisions without taking specific professional advice on the legal and tax issues in the client's country of residence.

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