

# communiqué

ARDEL NEWSLETTER

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## Ardel's CEO in Leader List

Gerry Williams, Chief Executive of Ardel Holdings has been recognised in the 2011 Citywealth Leaders List as a Prominent Figure in the Trust Industry.

Citywealth is a web based monthly magazine that aims to provide easy to understand news, profiles and feature articles from global experts in the wealth management and UHNW private investment sector.

Now in its sixth edition, the Citywealth Leaders List is the result of the input of a large number of people within the private wealth management sector as well as their clients.

Gerry has worked in the Trust sector for most of his career, including periods spent in the UK, Cayman, Bahamas, Isle of Man and Jersey. Qualified as an associate of the Chartered Institute of Bankers he has been in his current role since 2001.

Gerry is one of 23 Trust professionals in Guernsey to have been included in this category and was very pleased to have received this recognition: "It is particularly pleasing to have been recommended for this accolade by both peers and clients and is a reflection of our ongoing commitment to providing our clients with flexible and pragmatic solutions to their specific situations."



"It is a reflection of our ongoing commitment to providing our clients with flexible and pragmatic solutions to their specific situations."

## Ardel receives top accolade from Private Client Practitioner

Ardel Holdings has been named as one of the Top 25 Most Admired Companies in Private Client Practitioner's ultimate rankings of its Top 25 series.

Private Client Practitioner (PCP) is one of the leading websites for private client professionals. The publication introduced the rankings process as a means of celebrating the biggest and the most successful private client-centric advisory businesses.

The Top Most Admired list includes accountancy and law practices, independent financial advisers and trust companies. Ardel was first listed in the Top 25 Trust Companies rankings and then achieved the further accolade of being included in the cross category combined list.



Following the nomination period, companies were selected based on both the quantity and quality of votes received together with PCP's extensive knowledge of the industry and its main players. PCP highlighted Ardel's successful rebrand and its ongoing commitment to the provision of high quality client service as some of the key criteria leading to the company's success.

Ardel's Chief Executive, Gerry Williams, was delighted with the result: "We are thrilled to have received this prestigious accolade. The website has an excellent reputation within the industry and is widely read by key individuals within the sector. So this is a particularly important recognition of our teams' ongoing dedication to top end client service."

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ARDEL



# The New Zealand Option

The world of international wealth structuring has developed considerably in recent years. Many more jurisdictions have opened their doors to the finance industry as a means of improving their economies, regulation has tightened, governments are constantly reviewing legislation to ensure they are able to develop new products and deliver them to the market place - and disclosure of information is a topic often in the spotlight.

From the client's perspective the implications of these changes are generally positive – greater choice; the security of well-regulated finance centres; an ever-evolving range of cross border financial vehicles to assist with their wealth structuring.

## SO WHERE DOES NEW ZEALAND FIT IN?

This sovereign state, which enjoys political and economic stability, has an Anglo-Saxon based legal system. Consequently the country has developed a trust law based on the English common law model, with the concept of the trust therefore being well known. Indeed the trust is an extremely popular vehicle – some estimates suggest that there is something in the region of one New Zealand trust structure for every 18 New Zealand residents, and the numbers are increasing steadily. Equally, the country has never been blacklisted nor targeted by any of the international bodies and never been regarded as a tax haven – creating a solid platform for the country's thriving financial industry.

Successive New Zealand governments have been proactive to ensure that their legislative and tax regimes have created a fiscal and business environment which is attractive to international wealth planners. As a result, a network of double taxation treaties exists with countries including USA, Japan, UK and France. In addition, legislative changes have meant new innovative vehicles have been introduced – the most recent being the "look through company", and it has already been announced by the government that one of its objectives is to establish the country as a centre of excellence for fund administration.

## SO WHY CHOOSE NEW ZEALAND?

The trust is probably New Zealand's most useful vehicle for international tax planning given that from a taxation point of view the residence of the trustee is largely inconsequential. Tax planning is

only one purpose for which a New Zealand trust is established. With proper planning it can play a key role in asset holding; pre-migration planning; succession planning – and a wide number of structure types is available. New Zealand trusts can offer significant advantages to high net worth individuals and financial institutions involved in international investment.

Specifically, one of the more popular fiscal vehicles is the New Zealand Foreign Trust. Often used in association with a corporate structure, this type of trust offers real benefits from a tax planning perspective. Beneficiaries can be resident or non-resident of the country however the settlor must be a non-resident of New Zealand. The trust is exempt from New Zealand taxation on all foreign source income and any non-resident beneficiary will also only pay tax on New Zealand sourced income. In addition no tax is payable on capital gains even if the gains are New Zealand sourced.

The Ardel New Zealand operation, Ardel Trust Company (New Zealand) Limited was opened in 2003 with the aim of ensuring that we continued to offer our clients the service flexibility for which Ardel is known. This was of particular importance in what was and has continued to be a very changing global financial environment. In addition strategically it offered us the opportunity to develop new markets particularly in South America. Ardel New Zealand is administered from Geneva or Guernsey depending on the structure and client preference.

We offer the full range of fiduciary services and our New Zealand business forms an important part of the Ardel growth strategy. With a political regime actively promoting and developing its financial services industry and the plethora of other advantages this vibrant jurisdiction has to offer, New Zealand is a real alternative for clients and wholly worthy of consideration.



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"New Zealand trusts can offer significant advantages to high net worth individuals and financial institutions involved in international investment."

# India – an emerging market for Guernsey



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## Ardel Fund Services Limited wins its first client operating in India

Guernsey's Fund business in general terms remains buoyant despite the effects of the economic crisis. The net asset value of total funds under management and administration in Guernsey grew by £14.3 billion (5.9%) over the quarter ended 31 December 2010 to £257.4 billion. This was a growth year on year of 39.7% (Source: Guernsey Financial Services Commission). Whilst the fundraising arena is not quite as problem free as it has been, Guernsey is seeing an upturn in the number of new funds being launched.

2010 saw a growing number of Indian companies floating on AIM with Guernsey increasingly becoming the jurisdiction of choice for their incorporation. Of those Indian entities listed on AIM at the end of October 2010, the latest five to list were all incorporated in Guernsey. Encouragingly, these entities are for the most part fairly sizeable and are spread across a range of sectors from private equity to film financing.

The increased interest in the UK by Indian organisations, highlights, according to the London Stock Exchange, India's increasingly central role in the global economy and how London can provide the capital to match the country's appetite for growth.

Guernsey's reputation as a jurisdiction is growing in parallel to India's enthusiasm for London as a place to do business. This together with the island's growing expertise and knowledge in this market plus the promotional activity being undertaken by Guernsey Finance means that we can be confident that the Indian business base will develop further. This will require the jurisdiction to build its profile and visibility within the market and to demonstrate the island's commitment to it.

This is certainly something Peter Niven, Chief Executive of Guernsey Finance believes: "We have now taken an official delegation to India and also been back to meet with more industry practitioners. I am convinced that with the further nurturing of relationships we will be able to continue to attract more business in the future".

Ardel Fund Services' first client operating in India is now on board. A soon to be AIM listed trading company, Kolar Gold Limited's launch is planned for April 1st 2011. The entity will be investing in Indian gold mines, an area in which the Kolar team has a wealth of experience. The holding company will be a Guernsey domiciled entity with a number of Indian subsidiaries.

Paul Duquemin, Managing Director, comments: "The bespoke service delivery that we offer continues to appeal to a range of clients. Our independence allows us to respond rapidly to changing situations and to provide flexible solutions, focusing on client needs rather than simply offering a 'one size fits all' service package. India is potentially an important growth market for the island. I am delighted that we will be working with the Kolar team in this exciting venture and I am sure this won't be our last client operating in India."

"We have now taken an official delegation to India and also been back to meet with more industry practitioners. I am convinced that with the further nurturing of relationships we will be able to continue to attract more business in the future"

India is a burgeoning emerging market and some commentators believe that it outstrips other emerging markets such as Brazil, China and Russia in terms of growth potential. Its economy is strong and has not been negatively affected by the financial downturn. IMF figures suggest that the growth for the fiscal year ending 31 March 2011 will be in excess of 8%.





# All QROPS are QNUPS but not all QNUPS are QROPS

## Rain Certainly Didn't Stop Play!

Despite particularly wet and inclement weather, around 150 guests enjoyed a fun evening at Ardel's drinks party in the Guernsey Royal Court building on 10th February.

The event was to launch the new company following the successful Management Buy Out process and re-brand of the company from Bachmann to Ardel Holdings Limited. Ardel directors entertained guests from across the Guernsey Finance Sector as well as suppliers and friends of the company. The evening was a real success and the Court building was buzzing.

Gerry Williams, chief executive felt it was an ideal way to launch the company's new identity to the Island's business sector:

"It was important to introduce friends and business associates to our new corporate look. The new brand identity is part of the natural evolution of the company. Under the new management structure we will continue to build on our reputation for expertise and excellent client service – values which we believe are communicated well by our new branding."

On 9th December 2010 HM Treasury and HM Revenue & Customs released the overview of draft legislation for Finance Bill 2011 including a forward by David Gauke MP, Exchequer Secretary to the Treasury. In his forward Mr Gauke explained that the background to the release followed a consultation process which he had started in the June 2010 Budget on how the Government could improve tax policy making. He stated his desire to include a policy cycle that allowed proper time for scrutiny of draft legislative proposals.

As widely publicised the proposals included legislation, to be introduced from April 2011, to remove the requirement that currently creates an obligation for members of registered pensions schemes to secure an income by the age 75. The often unpopular requirement to purchase an insurance annuity before the age of 75 will therefore no longer be a statutory necessity.



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"Guernsey has long been regarded as a centre of excellence in international pension provision with the industry of greater significance than ever before following the growth of the QROPS market."

The question being asked by clients and advisors alike following the release of the overview of draft legislation for Finance Bill 2011 is what impact, if any, the legislation is likely to have on Guernsey's burgeoning pensions sector. In this article we look at the issue and consider whether the UK changes are likely to have any impact on the Guernsey pensions sector and highlight the benefits that QROPS and QNUPS will continue to provide.

Guernsey has long been regarded as a centre of excellence in international pension provision with the industry of greater significance than ever before following the growth of the QROPS market. The island continues to punch at a level far above its weight in the administration of pension arrangements with members and advisors influenced no doubt by the highest regulatory standards, probity and reputation that the island has developed. Guernsey has a history of stability and recognises the fundamental difficulties created by continual change to the taxing of wealth for short term political gain, now an Achilles heel for many onshore jurisdictions, particularly with debt burdens and unpopular austerity measures in mind.

“Guernsey remains well positioned to be a jurisdiction of choice for pension arrangements for the foreseeable future.”

Despite the best efforts of Mr Gauke and his colleagues, the instability provided by an increasingly unpopular coalition government, no end in sight to the culture of change to the taxing of wealth (and measures against bonuses within the financial services sector), make long term planning increasingly difficult for professional advisors with high net worth clients with a UK connection, including those with personal pension arrangements.

Much has been spoken about QROPS which we turn to briefly later in this article but we first focus our attentions on QNUPS.

Qualifying Non UK Pension Schemes (QNUPS) were introduced by the UK Government in the Finance Act 2008 and in law by The Inheritance Tax (Qualifying Non UK Pension Schemes) Regulations 2010. The purpose of the law (which it should be noted was given retrospective effect from pensions ‘A Day’, 6th April 2006) was the clarification of the UK Inheritance Tax treatment of QROPS and other overseas pension arrangements. The law provides the requirements for an overseas scheme to be treated as a QNUPS where previously no guidance existed. This had resulted in uncertainty as to the UK inheritance tax position of certain overseas arrangements. The clarification has been welcomed with the statutory instrument now providing clear guidance to advising professionals.

Although QNUPS were introduced by The Commissioners of HMRC under UK Statutory Instrument, unlike QROPS, there are no requirements to obtain HMRC approval on the establishment of a QNUPS or on transfers into a QNUPS arrangement.

As mentioned above, much has been spoken about QROPS and they remain firmly in the armoury of private client wealth practitioners, despite the changes to be introduced in the 2011 Finance Bill. QROPS are now widely recognised as flexible pension scheme for people who have worked in the UK but are expatriate, intend to move abroad permanently or have plans to retire overseas. QROPS were originally introduced by Her Majesty’s Revenue & Customs (HMRC) in 2006 and offer people who have worked in the UK the opportunity to transfer their accrued pension benefits to another regime recognised by HMRC.

There is little doubt that the overdue changes to pension legislation within the Finance Bill 2011 will be universally welcomed. For the simple reasons that QROPS and QNUPS will continue to allow individuals to preserve wealth and remove the pension from the uncertainties of the UK regime, the island will, however, remain as a jurisdiction at the centre of offshore pension administration.

To further the appeal of Guernsey and cement its position at the forefront of offshore pension administration, the island’s Government has recently approved some significant measures which came into force on 1st January 2011. The changes included a measure to allow all pension schemes to calculate lump sums based on the fund value with the percentage allowable increased to 30% (previously 25%). The member will now, subject to the rules of the respective scheme, also be able to take a lump sum at any time after passing the age of 50 (in installments or otherwise) and it will no longer be necessary for a pension to commence on drawing of the lump sum payment.

Its pragmatic and commercial approach should continue to serve Guernsey well. In spite of the proposed changes to the UK pensions regime and the improvements to tax policy being championed by Mr Gauke, Guernsey with the benefits provided by the QROPS and QNUPS regimes, remains well positioned to be a jurisdiction of choice for pension arrangements for the foreseeable future.



# Ardel's UK Operation facing the changing landscape

There has been much commentary on the future of UK trust operations where we have seen increased regulation and the introduction of the new UK legal framework enabling Alternative Business Structures (ABS) to come into being.

STEP published an interesting report at the latter part of last year highlighting some of the key issues surrounding the UK trust industry and those which would wield most influence on the sector's landscape over the next few years. Whether or not everyone agrees with the detailed conclusions drawn and predictions made in the report, the issues themselves are unquestioned and it is clear that all practitioners will be facing challenges and will have to look at their own business model, service offering and pricing structures to ensure that they are in a position to overcome them.

Broadly speaking, there were four issues highlighted in the report. Regulation; the make up of the modern family; the internet; the changing business model.

It is generally accepted that regulation will increase further, placing significant additional cost pressure on all firms but particularly small ones where additional headcount may be unavoidable to manage the increasing administration.

Equally, and whilst this is nothing new, the increasingly complex make-up of family structures (divorce; second families; step children) mean clients will be seeking more assistance to manage their affairs and will require a more tailored approach to finding solutions to their specific

needs. Good news for trust practitioners with the right level of expertise to deal with these increased demands.

The role played by the internet has had, and will continue to have, significant influence over the sector. Clients now have legal and financial information at their fingertips and this appears to be resulting in increased demand for value service and putting pressure on practitioners' cost structures.

And finally the evolving business model – the introduction of the ABS into the market may have the positive effect of increasing the profile of the sector overall but equally may again exert pressure on fee structuring. Equally there appears to be a significant market shift towards the "one stop shop" model – i.e. where a trust professional offers a highly personalised service getting to know the client and his situation in depth, and calling upon a carefully selected team of other professionals to suit the client's individual needs. This change perhaps offers the smaller practice a competitive advantage.



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"Our service to client and adviser alike is a niche one and which will continue to be sought after."

So where does this leave Ardel UK? The company was set up in 2001 in order to provide cost effective UK trust structures to UK residents to assist their planning with everyday situations – school fees; inheritance planning etc. Not associated with nor owned by a banking institution, legal or accountancy practice, Ardel UK has the advantage of being wholly independent – therefore extremely flexible and with a speedy decision-making process. The UK-based team enjoys the full back-up of a robust infrastructure from the Guernsey office. This enables Ardel UK to absorb additional regulatory processes without passing on onerous fees to the client.

The team has many years' experience in the trust field and the company ethos is to deliver the highest level of client service delivering bespoke solutions to individual situations. Since its inception, the company has developed a network of professional advisers – all experts in their own field.

Whilst the developments within the UK industry will no doubt be significant in coming months and years, Ardel is well placed within the market place to adapt to the changes. Our service to client and adviser alike is a niche one and which will continue to be sought after. Offering all the advantages of an independent trust company together with the economies of scale offered by a large support infrastructure and experts across a number of jurisdictions, our UK operation is set to prosper.



Congratulations to (left to right):  
Tony Martel, Associate Director (IT)  
of Ardel Holdings & Steve Desmond,  
Director of Ardel Fund Services Limited



Steve Desmond has been promoted to Director of Ardel Fund Services Limited.

Steve joined Ardel in 2006 and has over 23 years' experience in the financial services sector, having previously worked for HSBC, BISYS and Rothschild Asset Management.

Steve is primarily responsible for Ardel Fund's business development, the efficient take-on of fund transfers and the launch of all new funds administered by the company. A qualified project manager, Steve has a comprehensive knowledge of all fund types and is looking forward to developing Ardel's fund business further in his new role: "We have seen significant growth over the past few years and with the recent structural changes to the company following the MBO, it's an exciting time for Ardel. I look forward to being able to contribute to the company's continuing growth as a key independent fund services provider."

## Movers & Shakers

### Senior Ardel staff on the up

Tony Martel becomes Associate Director (IT) of Ardel Holdings.

Having just completed 13 years with the company, Tony has guided the group through some significant changes in new software systems in recent years.

He is responsible for a team of six and manages all company systems and applications, including those in the UK and Switzerland. Tony acknowledges that his world is an ever-changing one: "There have been lots of challenges during my time with the company most of which I have really enjoyed. I am sure that in the constantly moving environment of IT, there will be many more thrown my way and I look forward to taking them on".

Gerry Williams, Chief Executive Officer congratulated both on their promotions:

"Steve and Tony play fundamental strategic roles in the management of the company. The group board was delighted to be able to acknowledge their contribution and skills base in this way."



## Ardel's Ciaran

### The Youngest Ever to Complete the Diploma

Ciaran Slattery, an Assistant Fund Administrator at Ardel Fund Services Limited has recently completed the International Diploma in Financial Administration and is the youngest ever student, at 18, to have gained the qualification.

The qualification gives students a basic knowledge of the regulatory environment governing financial services organisations both in the UK and in other finance centres, as well as an introduction to trust and company administration and investments.

Yvonne Tanner, Guernsey Business School Programme Manager, was thrilled with Ciaran's

result: "This is a great reflection of both the high professional standards the island continues to achieve and of course the hard work Ciaran has put in. I congratulate him and am sure he has a successful future ahead."

Wes McGowan, personnel director was equally delighted with Ciaran's achievement: "His hard work has really paid off and the company is proud of his achievement. Ardel is committed to the training and development of its staff and supports a very wide range of training programmes in relevant disciplines."

"His hard work has really paid off and the company is proud of his achievement."

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## Important information

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