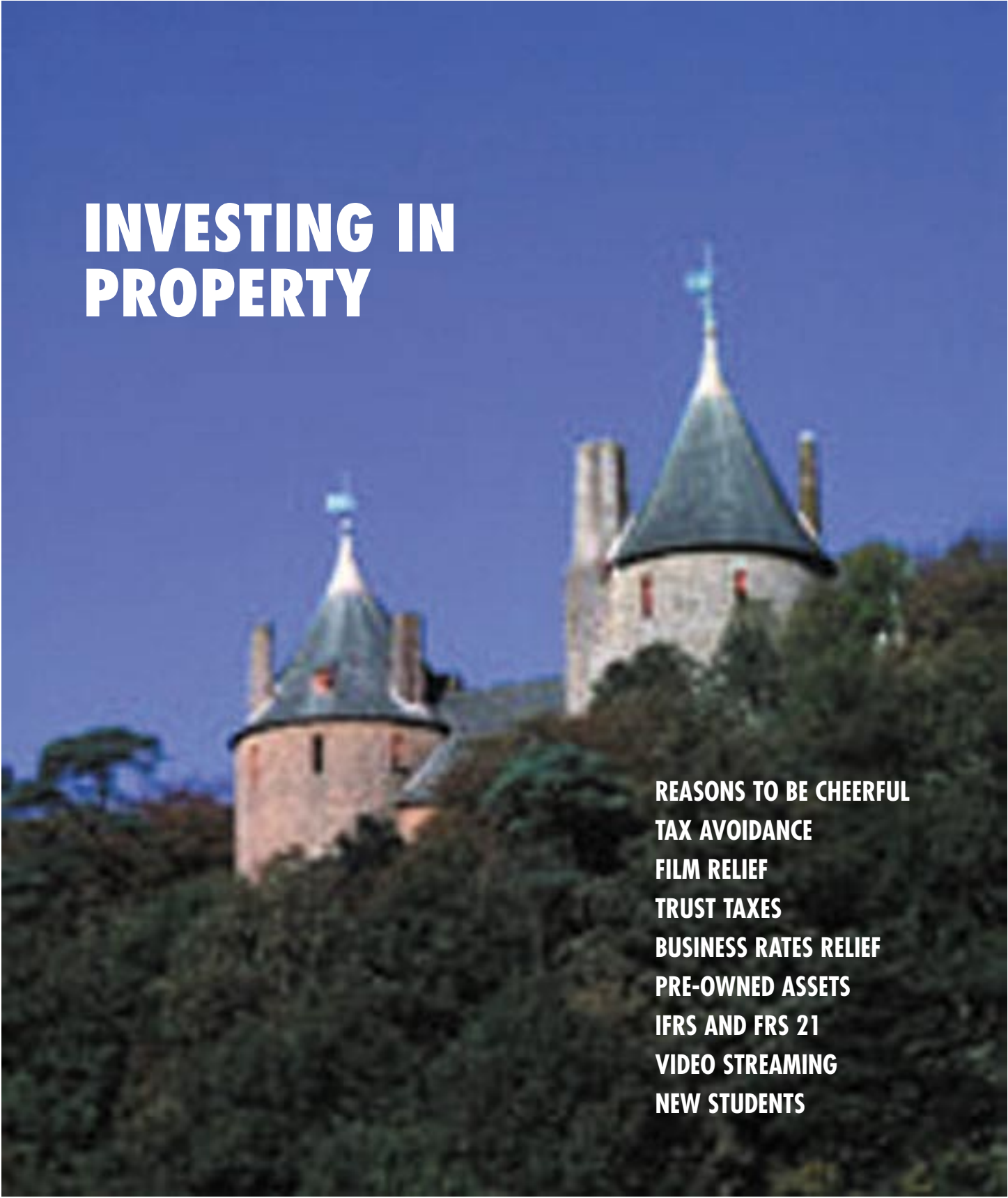


## INVESTING IN PROPERTY



**REASONS TO BE CHEERFUL  
TAX AVOIDANCE  
FILM RELIEF  
TRUST TAXES  
BUSINESS RATES RELIEF  
PRE-OWNED ASSETS  
IFRS AND FRS 21  
VIDEO STREAMING  
NEW STUDENTS**

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If you have any suggestions for topics you would like to see covered in *Shipsape*, or have any comment about the content or presentation of the newsletter, please contact Stuart Dey at our London office.

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Registered Auditors.  
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Managing partner John McCuin considers house prices and consumer confidence and finds reasons to be optimistic.



## Reasons to be cheerful

Everyone seems to agree that the house price boom has finally come to an end, though there is little agreement on why it has happened. It may have been the cumulative effect of five interest rate rises since last November, the warning from the Bank of England Governor in the Summer that the situation was unsustainable, or a realisation by consumers that the rise in house prices had gone far enough. It was probably a combination of factors.

Fortunately, it does seem to have been a 'soft landing', with no crash in prices and little risk of homeowners facing the negative equity problems which followed as they did after the last price spiral in the 1990s. There may be a fall in house values in some areas, but values overall are in the region of 19% higher than last year, leaving most homeowners with enhanced equity.

Now that the housing market has settled, investors should turn their attention from property to a more diversified long-term approach although, as Chris Holmes of Tor Consulting explains on page 6 of this issue of *Shipsape*, it is increasingly possible to invest in property without actually buying the bricks and mortar version.

### Consumer spending

There is little doubt that house price rises in recent years have fuelled consumer spending. The Council of Mortgage Lenders reported recently that about half the people who re-mortgaged their property took the opportunity to release an average of £27,000 worth of equity. With interest rates so low it is unlikely that this has been saved elsewhere; no doubt most of it has been spent on such delights as holidays, cars and home improvements.

Equity withdrawals on this scale are going to be more difficult in future, but I don't believe that this will have a dramatic effect on consumer spending. Even the miserable Summer weather did not dampen their ardour; despite earlier, gloomy warnings from the High Street retailers, we now know that consumer sales in August rose by 0.6%.

The fact is that most consumers have plenty of money to spend, even if it is on credit. Interest rates remain low, and there is a chance that they will not rise any further now that the Bank of England does not have to concern itself with house price inflation.

*"most consumers have plenty of money to spend"*

The combination of full employment and low inflation continues to support consumer confidence. In the last twenty or so years, with a few blips along the way, Britain has overtaken France and Germany in terms of per capita income. Britain's GDP per head is now higher than in any other EU country apart from Luxembourg.

### Business confidence

Apart from the official economic indicators, I have one overriding reason for my general confidence. Our clients' businesses are flourishing. Admittedly they are biased towards the service sector, in the widest sense, but so is the UK economy.

The evidence of our clients' figures convinces me that all is well with British business. Of course there are things to worry about, and I have covered them in recent columns; regulation is a particular burden for smaller businesses, and the way our tax system is being managed gives cause for concern.

But I see no reason to worry about our economic situation.

# Disclosure of Tax Avoidance

The Government has introduced legislation in the 2004 Finance Act designed to give the tax authorities early warning of the use of tax avoidance schemes.

You may think that this is of no relevance to you, but it is about legitimate tax avoidance (ie minimising your tax bill by fair and legal means), not illegal tax evasion.

The Inland Revenue and HM Customs & Excise are taking different approaches to the new regime. The start date for all the taxes so far covered is 1 August 2004.

## ***Inland Revenue***

The initial regulations cover income tax, capital gains tax and corporation tax, but the Act allows the possibility of extending action to other taxes in the future, such as inheritance tax and stamp duty land tax (SDLT).

For those taxes covered from 1 August the only 'arrangements' prescribed so far are those connected with employment and in relation to financial products. The system is that the promoters of such arrangements (generally accountants, lawyers or banks) have to notify details of any tax avoidance scheme to the Inland Revenue, who will allocate it with a number, which any user of the scheme then has to quote on his tax return. So the taxpayer's responsibility is minimal.

## ***Customs & Excise***

With VAT, however, the responsibility lies with the trader who has to account for VAT. If you run a tax-efficient business you may well be affected, and, if you take any action designed to minimise your VAT liability and fail to notify Customs, your business could be liable to penalties.

Customs & Excise have designated types of VAT schemes (each of which is given a number) and, in a second list, characteristics of schemes not yet designated which imply VAT avoidance. These characteristics include such things as a confidentiality condition, fees based on the VAT saved, prepayment between connected

parties, 'offshore loops' and property transactions between connected parties. Details are in Customs' VAT Leaflet: Notice 700/8.

The term 'scheme' includes any arrangements or series of transactions, and is not used in a derogatory sense. And 'obtaining a VAT advantage' only means reducing the VAT to be accounted for, or increasing the VAT recoverable.

Traders are required to notify Customs & Excise on the first occasion in a 'prescribed VAT accounting period' that begins on or after 1 August 2004 that they use one of the numbered designated schemes or (unless some other person has already supplied Customs with details of it) a scheme that is intended to obtain a VAT advantage and which has any of the 'avoidance' characteristics in the second list.

For designated schemes, notification is not required by a trader whose turnover (or that of the group of undertakings of which it is a member) is less than £600,000 in the 12 months preceding the accounting period and less than that annual rate of turnover in the immediately preceding prescribed accounting period. For other schemes, with an 'avoidance characteristic', the threshold is £10 million.

Notification is required within 30 days of the date by which the return for the prescribed accounting period has to be filed so, for a monthly trader, the latest date for notifying Customs of use of a notifiable scheme in August 2004 will be 30 October 2004.

Penalties are steep. For failure to notify use of a designated scheme the penalty is 15% of the VAT saving (regardless of the validity of the 'scheme'). For failure to advise use of any other notifiable scheme the penalty is £5,000.

*If you have any doubt about action required please talk to your usual AGN Shipleys contact or (for VAT schemes) Nancy Cruickshanks, telephone 020 7312 0000 or e-mail [cruickshanksn@agnshipleys.com](mailto:cruickshanksn@agnshipleys.com)*

# Film Relief

The Treasury has announced new tax relief for British films, to replace the current 'Section 48' relief.

The new relief will be introduced for films commencing principal photography after 2 July 2005, and will apply to 'low budget' films with total production expenditure not exceeding £20 million, instead of the £15 million limit under Section 48. The relief will cover 20% of the production cost incurred by the UK production company instead of the previous 15% typically available under sale and leaseback, and will apply to all expenditure, not just that incurred in the UK. The maximum relief that can be claimed will rise to £4 million from £2.5 million. There will be transitional relief for films which have already commenced principal photography by 2 July 2005.

Details of the proposals are on the Hot Topics page of our website at [www.agnshipleys.com](http://www.agnshipleys.com)

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## Readers' Survey

With this issue of *Shipshape* we have included a short questionnaire, designed to find out whether *Shipshape* meets its readers' needs. Please do find the time to complete our questionnaire (you can do it online at [www.agnshipleys.com](http://www.agnshipleys.com) if you prefer). As an incentive we shall be awarding a case of champagne or a case of claret (your choice) in a prize draw of returns received by 31 October.

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## Pre-Budget Report

At the time that *Shipshape* went to press the date of the Chancellor's Autumn Pre-Budget report had not been announced, but an analysis of the Chancellor's statement will be available on our website at [www.agnshipleys.com](http://www.agnshipleys.com) shortly after the Chancellor presents it.

Topics expected to be covered include further corporation tax reform, news on property investment funds, more on the reform of trust taxation (see page 4) and, perhaps some amendments to the pre-owned asset regime due next April (see pages 4 and 5 and the Hot Topic on our website). There may even be something, at last, on domicile and residence.

## Trust Taxes

A clearer picture is emerging of the changes in the taxation of trusts. Four major changes are proposed.

■ Accumulation and maintenance trusts and discretionary trusts (except a trust from which the UK resident settlor or the settlor's spouse may benefit): the income is to be taxed at 32.5% if dividends and otherwise at 40%, unless distributed by 31 December following the tax year in which it arises, when it is taxed as the recipients' income. But trusts for the most vulnerable may elect to have their income and gains taxed as though they arise to the beneficiary. Those affected are trusts for a person mentally disabled or in receipt of an Attendance Allowance or Disability Living Allowance, and those for an infant established either under the child's parent's will or intestacy or under an approved pension scheme.

■ Capital gains of a trust for a UK resident settlor's infant child will be taxed on the parent. Currently this only applies to income made available to the child.

■ Capital gains arising in a deceased person's estate in administration, in the year of death and the next two tax years, will be charged at 20% (rather than the present 40%), up to a prescribed figure yet to be announced.

■ Residence: the test to determine a trust's residence for capital gains tax will be the same as for income tax. Many trusts which are now not resident for capital gains tax, but are resident for income tax, may become resident for capital gains tax. Existing trusts which are affected will have a year's grace in which to decide which way to jump.

Except for the treatment of trusts for the most vulnerable (which applies from 6 April 2004), these changes will apply from 6 April 2005.

Although the details of the planned reform are not final, a comprehensive review of all trusts is desirable before next April.

Matters to be considered include investment policy, the timing of capital

gains, income distribution policy and trustees' residence status. For example, the trustees of bare trusts for the settlor's infant children might consider the merit of realising gains by 5 April 2005. Other trusts for the settlor's infant children will weigh up the different results from realising gains in 2004/05 as against 2005/06. Trusts which are now not resident for capital gains tax purposes should consider if any action is needed, or desirable, to avoid becoming resident.

All trustees should discuss the implications with their usual contact at AGN Shipleys before very long.

A more detailed note on the new system is on our website at [www.agnshipleys.com](http://www.agnshipleys.com) under Hot Topics. This will be updated as the final shape appears over the coming months.

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## A Gentle Warning

Some self-employed clients have been receiving rather strange letters from the Inland Revenue. These highlight specific entries on their 2003 tax returns and suggest that these may be an 'area of weakness' which they might like to pay more attention to when completing their 2004 returns.

We believe that these letters are a gentle warning that an individual's claim for certain expenses seems to be more than would normally be expected in relation to turnover, though not so way out of line as to warrant an investigation at this stage. Naturally, self-employed people do have varied levels of expense depending on the nature of their business; travel expenses are a major factor for some, while those who work from home may spend more on their telephone bills than on travel. So for most people it will be nothing to worry about.

However, if you do receive one of these letters please let us know. Our advice will probably be to make sure that you have detailed records for the highlighted 'areas of weakness' when completing your 2004 tax return, but we need to know what these are in each individual case. Only time will tell how vigorous the Revenue will be in following up these letters when the 2004 returns are examined.

## Business Rates Relief

A revaluation of commercial properties for business rates will take effect on 1 April 2005. The Government is planning to introduce a small business rate relief scheme from the same date, in England only, in recognition of the fact that business rates are a relatively heavier burden for smaller businesses. The relief will be financed by a supplementary rate charge on higher value commercial properties.

Final details of the scheme are yet to be confirmed, but the main points are unlikely to change. For properties with a (new) rateable value of up to £5,000 there will be a 50% rate relief, with reliefs tapering off for properties valued at up to £10,000 at which point there will be no relief.

Properties with a rateable value between £10,000 and £15,000 will be in a 'buffer zone'; they will not be able to claim rate relief, but they will not be charged the supplementary rate to finance the reliefs.

The reliefs (and the buffer zone) will apply only to a business which occupies a single property, not to a business which occupies a number of small properties.

The Government estimates that more than 400,000 small businesses will benefit from the new reliefs. The supplementary rate to be paid by larger businesses to finance this scheme is forecast to add 1.6% to their rate bills.

Businesses may apply for rate relief at any time during the financial year concerned and for up to six months after the year end.

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## Pre-Owned Assets

An unexpected income tax charge could apply from 6 April 2005 under provisions of the Finance Act 2004, aimed at those whom the Government feels have escaped a potential inheritance tax liability by reducing their estates yet continuing to enjoy the benefit of the asset or funds they have parted with.

The Government intends, by deferring its introduction until next April, that those affected might have time to unscramble structures. This will rarely be possible. Most of those affected will have to weigh up the choices. These are:

- to establish a legal obligation to pay for the use or occupation of the property (land, buildings or chattels) and pay that rent by 5 April 2006;
- to disenfranchise themselves (in the case of trusts where they are, perhaps, potential discretionary beneficiaries) before 6 April 2005;
- to elect to treat the assets as though they were part of their estate for inheritance tax purposes (but this at least can – and should – be deferred until the last possible moment, 31 January 2007); or
- to accept the income tax liability.

A summary of the rules appears as a Hot Topic at [www.agnshipleys.com](http://www.agnshipleys.com) but the legislation is complicated and anyone who thinks they might be affected should consult their usual AGN Shipleys contact.

## Sporting Breaks

Many sports clubs are overlooking the possibility of enjoying much the same tax privileges as charities, including 80% rates relief, by registering as a Community Amateur Sports Club (CASC).

To qualify clubs must: be open to the whole community; be organised on an amateur basis; have as their main purpose providing facilities for, and promoting participation in, one or more eligible sports. Any surplus income or gains must be reinvested in the club. In the event of dissolution, the club's assets must be applied for approved sporting or charitable purposes.

A CASC's tax privileges include exemption from corporation tax on interest and chargeable (capital) gains. It is also exempt from corporation tax on its trading profits where the annual turnover is less than £30,000; and on income from property if this is less than £20,000 annually.

To find out more please ask your usual AGN Shipleys contact.

**Nancy Cruickshanks is one of AGN Shipleys' specialist VAT advisers.**



## VAT

### *Residential Property and Construction*

The VAT rules applicable to residential property and construction are extremely complex. There are a number of reliefs available depending on your circumstances. Customs & Excise are generally very strict in their interpretation of the rules, and do not hesitate to penalise those who apply them incorrectly, so there is a natural tendency on the part of builders and other contractors to apply VAT at the usual 17½% in every case, rather than risk applying a lower rate and perhaps attracting a penalty.

It helps, therefore, to know that the reliefs exist in the first place and to have access to expert advice. As a starting point, brief details of the main reliefs are outlined below and you can obtain further information from me or your usual AGN Shipleys contact.

**Exemption** – applies to the sale, leasing or letting of residential property other than new dwellings (see below). So you don't pay VAT when you buy a house or flat from the previous occupier, or rent a place that has been previously occupied. However, you will probably be paying some 'hidden' VAT costs; for example, a landlord cannot recover VAT on repairs to a property, and so will calculate the rent accordingly.

**Zero rating** – this is a more valuable relief than exemption, because the developer or builder will have been able to recover VAT expended during the construction work, so there are no 'hidden' VAT costs for the consumer to pay.

The main items which attract zero rating are:

- construction of new houses and flats
- the first sale, or long lease, of newly constructed houses and flats, and of previously non-residential buildings, such as barns, converted into dwellings
- approved alterations to residential property that has listed building status (but this relief does not extend to outbuildings)
- the first sale, or long lease, of a substantially reconstructed residential property with listed building status
- the supply to a disabled person of such services as the construction of ramps, widening of doorways, and providing, extending or adapting bathrooms.

The reduced rate of 5%, where VAT is not recoverable, will mean a corresponding reduction in costs for the consumer, and applies to:

- installation of energy saving materials, such as insulation of a loft
- major alteration work involved in converting houses to flats or bedsits and vice versa, and the conversion of non-residential buildings to residential use
- renovation or alteration of an empty residential property which has not been lived in for at least three years.

In addition, there is a refund scheme for anyone who chooses to build their own house, or convert a non-residential building into a house, as they can claim back the VAT incurred on the building costs. This scheme, commonly known as the DIY Builders and Converters Refund Scheme, has strict rules and deadlines and is designed to put the DIY builder into the same VAT position as someone buying a new house from a developer.

You can contact Nancy Cruickshanks on 020 7312 6526, or e-mail [cruickshanksn@agnshipleys.com](mailto:cruickshanksn@agnshipleys.com)



## “My House is my Pension”

Over the past five years investment in residential property has proved to be a very smart move indeed. Annual returns of up to 20% have persuaded many private investors to ignore the investment principle of diversification and instead put all their eggs into the proverbial bricks and mortar basket.

Over the same period, annual pension valuations have revealed sluggish or negative returns. The conclusion for many has been (apologies to George Orwell): property good; pensions bad. We should try to put the last five years in perspective and consider investment returns in the future.

Residential property is already mainstream retirement planning. An investment property should provide a rising rental income, and the impact of ‘gearing’ (borrowing to enhance returns) has meant that substantial capital gains can be made from a relatively small deposit.

But the economic conditions in which property has thrived are now under threat: interest rates are rising, borrowing is declining, the rental sector has contracted and demand has fallen as fewer buyers are prepared to pay current prices. Some regions are now showing month-on-month negative returns on property; elsewhere the rate of increase is falling. And, of course, there is the need to find a tenant, manage the property and complete tax returns.

Investing in your own home, and relying on a long-term capital gain, avoids some of the problems described above, but you will still have to sell that home to realise the gain, and then find somewhere else to live.

Over the longer term there is little argument that residential property will continue to be a good investment – history suggests, however, that returns on a well-managed equities portfolio are on a par with residential property, despite the last five years.

The main concern over property is the lack of ‘liquidity’ and investment diversification. In this context, liquidity is the ability to sell a house exactly when you need to, which is not easy when the market starts to splutter. Many property investors rely on the upward trend of prices and ignore all other asset classes, but we can look back as recently as the early 1990s to recall that this is not always the case.

What is the answer? There are various answers, depending on your investment objectives.

### *New opportunity*

To address the concerns over lack of liquidity and diversification, the Government is planning to introduce Property Investment Funds (PIFs). These will be closed-ended investment companies, investing in residential property (primarily, but also in commercial property), in which investors can buy shares, rather than whole properties. Shares will be traded, so liquidity will be created and investment diversification will be far easier. It is expected that the first PIFs will be available to investors early in 2005.

### *Pension Funds*

Those investors lamenting their decision to invest via their pension funds, rather than buying property, should review how their pension funds are invested. It is not the pension that has performed poorly; it is the fund. A pension is just a tax-efficient wrapper, and the accumulated fund is able to invest outside the constraints of a conventional pension company – yet most investors in personal pension plans chose this route. When PIFs are introduced, they will be suitable investments for pension funds.

In addition, after April 2006, a ‘self-invested’ pension fund will be able to invest directly in residential property with the facility to borrow where needed.

Company directors already have the ability to invest in residential property through their pension funds. Two different schemes are available, allowing pension funds to borrow to further enhance returns. The main opportunity has arisen through our ability to span current and pending pensions legislation, resulting in

a highly tax-efficient and ‘geared’ alternative to boosting pension fund returns through residential property investment.

*If you would like to discuss your investment strategy you can contact Julian Hawkes or Chris Holmes at Tor Consulting Ltd on 020 7306 0026, e-mail [info@tor.uk.com](mailto:info@tor.uk.com)*

*Tor Consulting Ltd is a joint venture with AGN Shipleys and is an Independent Financial Adviser authorised and regulated by the Financial Services Authority.*

## ACCOUNTING UPDATE

### *IFRS*

Next year International Financial Reporting Standards (IFRS) will be adopted by the 25 member states of the European Union, Australia, Russia and some smaller countries.

In the UK the change will affect publicly listed companies (but not those listed on the Alternative Investment Market, AIM) for accounting periods beginning on or after 1 January 2005, and they will also have to restate their previous year’s accounts to provide comparative financial statements on an IFRS basis.

The same requirements will apply to AIM listed companies from 1 January 2006.

The intention is to make companies’ accounts comparable from one country to another. Other major countries, such as China and India, are working towards the adoption of IFRS, and in the US efforts are being made to eliminate differences between IFRS and US GAAP (Generally Accepted Accounting Principles).

### *FRS 21*

For accounting periods starting on or after 1 January 2005 there will be an important change for most companies which have been used to declaring a bonus, or recommending a dividend, once the annual accounts and the profits are nearly finalised. (It will not

# Zambelli Friend Architects & Designers

The professional design team at Zambelli Friend are more than architects; they are also interior and landscape designers, because they believe that it is important to offer clients a seamless design package, with interiors and exteriors planned to suit the requirements of the project concerned.

For twenty-five years Zambelli Friend have been building their reputation, and gaining a wealth of experience, in the UK and overseas. As well as

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affect companies whose accounts are prepared under the FRSSE.)

The new FRS 21 on post balance sheet events (replacing SSAP 17) has moved in line with current international accounting practice and takes the view that equity dividends declared after the balance sheet date should not be reported as liabilities.

Under present UK law, proposed equity dividends have to be included in the profit and loss account, but the Companies Act will be amended in the current session of Parliament to reflect the change and in future the proposed equity dividend will only be shown by way of a note. Preference dividends will not be affected by this change.

Bonuses will also be caught up by this new FRS – in general they will now be charged to the accounts in the period in which the decision is made. The exception to this is where the company has a legal or constructive obligation to make the payments as a result of events before the year end.

Showing proposed final dividends as a note rather than an accrual has no tax implications, but similar action in connection with a discretionary bonus voted only in the light of the year's results could result in a deferral of corporation tax relief. The alternative, of establishing a contractual entitlement by the year-end, would not only remove the flexibility currently enjoyed but accelerate the income tax and NIC liability on the bonus. The Inland Revenue's attitude on this matter remains to be seen.

exclusive residential schemes for private clients they have also deployed their design skills on assignments as diverse as care homes for the disabled and accommodation modules on offshore oil rigs.

Hotels are another area of expertise, where a recent project included extending and refurbishing a listed building while developing a modern fitness centre in the grounds.

Opportunities for creating large-scale new residential properties in the UK are becoming scarce. However, Zambelli Friend remain active in this field, redeveloping and creating value on sites of special character. Some recent work of this sort has been overseas, in the USA and the Far East. Other residential work in the UK often involves the restoration and modernisation of listed buildings, or designing extensions in sympathy with an existing family home – their style is both classical and contemporary.

Zambelli Friend also work with clients when they are considering buying a property, to help them assess its potential, and this has prompted several leading property agents to introduce them to clients.

Upmarket property developers are beginning to appreciate the added value that a total design solution can provide and Zambelli Friend see these commercial clients as an expansion area for the future.

## *Clients' expectations*

"Needless to say, each of our clients is unique," says partner Graham Ash. "We never seek to impose a style

## *New house at Summerhill Park, designed by Zambelli Friend*



# CLIENT NEWS



solution; we work very hard with our clients at the initial stage, to establish their needs and preferences, before we begin shaping the tailored design."

Although they work at the highest level, Graham points out that they have never yet had a client for whom expense was no object. He says, "Clients trust us to deliver their projects on time, to the required quality and within the agreed budget, and this is an important aspect of our reputation."

The core team at Zambelli Friend also draws on a network of specialist consultants to meet the requirements of a particular project – a historian may be consulted on the conservation of a stately home, a cabinet maker commissioned to reproduce furniture of a particular era, or appropriate art and antiques sourced from world markets.

Zambelli Friend rely on AGN Shipleys for their accounting and tax advice, and consult them on tax issues related to both private and commercial projects.

"Our business is design-led, but it has to be commercially driven" says Graham. "Getting that balance right has been vital to our success."

*For more information on Zambelli Friend contact Graham Ash, tel 01737 360022, or e-mail [zf@zambelli-friend.co.uk](mailto:zf@zambelli-friend.co.uk)*



**Paul Druckman,**  
Managing Director of Orange Consulting.



## Video Streaming

Video streaming has recently been causing quite a stir, but what is it and will it be important?

Video streaming is the process of digitising and compressing traditional video to allow it to be sent over the internet. Users can access these videos either live or on-demand, on a website, mobile phone or via an e-mail.

Communicating with suppliers, customers, staff and other stakeholders in your business is becoming increasingly more likely to be done through the internet. The idea of being able to be creative by streaming true video through this medium had been beyond the realms of technology in terms of speed, but no longer can that be said.

The videos have the ability to detect the bandwidth that the end user has running. Users get a higher or lower frame rate and bigger or smaller picture depending on whether they have broadband or not.

Another key advantage of this technology is its ability to side-step firewalls, as well as work with standard web servers, and by using a Java player there is no need for the viewer to worry about downloading a particular version of a PC plug-in to view the content. This is essential in a world where IT departments are increasingly wary about employees overloading their PCs with non-essential pieces of software.

You can choose from a whole range of video streaming solutions, for example:

- viewing on web pages, which play back over any internet connection in standard web browsers. Videos on websites instantly make a corporate

message more compelling. An events company, PCI:Live, added their showreel to their site to demonstrate to current and potential clients the innovative events that they produce.

- sending videos in e-mails – this was used with great success by Save the Children to promote its HIV/AIDs awareness campaign. The technology ensured that the video e-mail opened with one click, and streamed seamlessly regardless of the connection speed of the end user.

- live video feed from a camera for viewing live over the web. The web page is opened and plays the video appropriate to the internet connection speed. This is a great way of distributing time-critical information to a disparate audience.

I often talk about the technology cycle which has a 'chasm' where acceptance of a new innovation either becomes reality or falls away. It was only a few years ago that e-mails were at this point of the chasm; now video streaming is at the critical point in the cycle.

I have no doubt that the current crop of solution providers have perfected the technology to make it fast and cost effective. It will be only a matter of time before you are activating video streaming in the normal course of your business life – does it have a competitive edge for your company? It is worth a look.

Take a look at [www.forbidden.co.uk](http://www.forbidden.co.uk) for demonstrations of some of the ideas above.

*To contact Paul Druckman at Orange Consulting telephone 020 7312 0000 or e-mail [orangeconsulting@agnshipleys.com](mailto:orangeconsulting@agnshipleys.com)*

## New Students

Leila Jones, Sarah Leggatt and Eranda Wickramasinghe (pictured below) are the most recent students to join AGN Shipleys' London office, in September this year, to train as chartered accountants.



*Our new students, from left to right: Leila Jones, Sarah Leggatt and Eranda Wickramasinghe.*

The firm recruits an average of seven graduates a year, in all three offices. The students are given a three-year training contract, during which time they are expected to pass all the examinations for their chosen qualification as either certified accountants (ACCA) or chartered accountants (ACA).

Their training consists of full-time training courses with external bodies, work experience in the firm's offices and at clients' premises, and study leave in preparation for the various stages of their examinations.

"The training provides a good mix of academic study and practical experience," explains Graham Baxter, AGN Shipleys' Student Counsellor. "But the most important part of the process is selecting graduates with the right aptitudes and attitudes to begin with."

AGN Shipleys' students have a good examination record. So far this year they have achieved close to a 100% pass rate in the first set of exams in June, while in the final examinations the firm is pleased to congratulate Nicola Dimond (Godalming, ACCA), Tim Granger (London, ACA), Elizabeth (Libby) King, now Mrs Kilcoyne since her marriage in September (London, ACA) and Laura Perry (Saffron Walden, ACCA).

**Detailed advice should be obtained before taking action, or refraining from taking action, as a result of information in this newsletter.**

*This firm (AGN Shipleys) is not authorised by the Financial Services Authority but we are able in certain circumstances to offer a limited range of investment services because we are licensed by the Institute of Chartered Accountants in England and Wales. We can provide these investment services if they are an incidental part of the professional services we have been engaged to provide.*