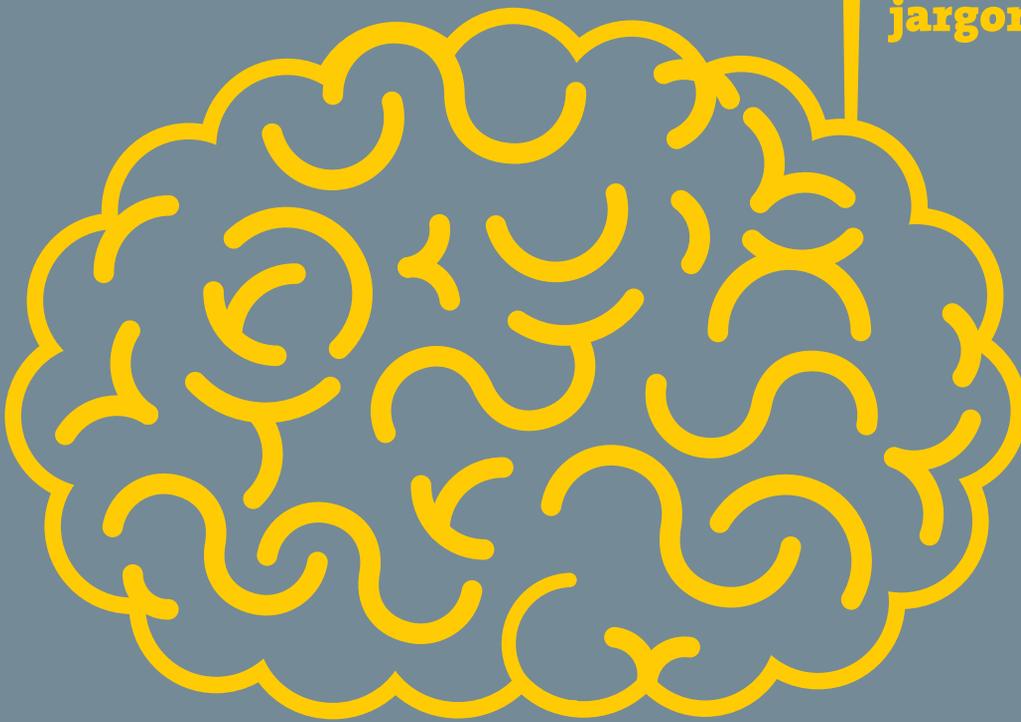


Communication breakdown?

Cutting
through the
jargon



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Contents:



Viewpoint: Ken Roberts Communication breakdown	1
Opportunity knocks Year-end tax planning	2
Non-UK resident owners of UK residential property Building blocks for a fairer tax system?	4
New reporting standard arrives Understanding FRS 102	5
Tax briefs Including news on expensive cars, inherited ISAs and a range of NIC changes	6
VAT corner An update on the Mini One-Stop Shop	7
Shipleys news Charitable efforts, alumni news, exams and client success	8
AGN focus Profile: Adams & Miles LLP, Canada	8
Client profile St Hilary's School, Godalming	9
Money matters Powers of attorney	10

Shipleys LLP is a firm of chartered accountants and business advisers. *Shipshape* is our regular newsletter for clients and contacts.

If you have any suggestions for topics you would like to see covered in *Shipshape*, or have any comments about its content, please contact Stuart Dey at our London office.

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FRS 102

1 January 2015
FRS 102
takes effect



£150 per week
maximum state
pension expected
for 2016/17

£10,600
personal
allowance
for 2015/16



57%
of people find
politics too
complicated
to understand



CGT on disposal of
property subject to ATED

30% **income tax**
relief through
EIS



ATED threshold from
6 April 2015

•••••
5 April 2015

TAX
YEAR-END



Communication breakdown

At last I can get a Led Zep reference in this leader – even more relevant following the recent spat in the news between Jimmy Page and Robbie Williams over their London mansions.

In the run up to a general election, there's a lot of headline-grabbing rhetoric but not so much clear information and it's difficult to know what's reliable. The mansion tax is a prime example.

A looming ballot box battle always brings uncertainty. Not knowing who's going to be running the country and what policy decisions are around the corner is rarely the best environment for business or personal finances. Will it be spend or more cuts? In or out of the European Union?

Much of the information we are bombarded with is laden with so much jargon that it's simply incomprehensible to the average person. I recently read that "Politicians live and die by their ability to communicate with the people and words are their currency". Yet the Facebook generation is so disengaged from politics that a recent survey by the Hansard Society claimed less than a quarter of under-25s plan to vote. In one recent general election, fewer people voted than the number of votes cast in the final season of Pop Idol.

Does the talk of voter 'swings' (something to do with playground equipment?), 'party whips'

(sounds painful!) plus strange animals known as 'stalking horses' and 'attack poodles' contribute to Office of National Statistics findings that 57% of people find politics "too complicated to understand"?

Jargon everywhere

Many politicians have begun to use so-called corporate speak and, of course, there's lots of it to choose from. This can make it just as difficult to understand what people are actually on about when they're talking about their businesses.

Favourites of mine include 'blue-sky thinking', which has nothing to do with lying on your back idly contemplating the heavens, which is a pity. Another is 'leading edge' or even 'bleeding edge' (no wonder some businesses are haemorrhaging money! – my uncle used it to describe the boundary with his neighbour), while people are forever talking about 'drilling down' (fracking anybody?) or 'getting their ducks in a row' (not, apparently anything to do with air pistols and fairground attractions!).

Why can't people be clear? Why are lessons to be learned now 'key takeaways' (but nothing at all to do with fast food). Having an advantage has been replaced with 'leverage' and 'buy-in' has supplanted support. And does anyone really know what 'bandwidth' is?

Keeping it simple

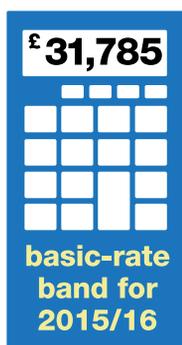
Do you ever get to the end of a paragraph and wonder what the hell was that all about? And I'm not thinking of the Income Tax (Earnings and Pensions) Act 2003 – or HMRC's 'guidance'.

Clear communication is an underrated skill that many people think or claim they possess, but surprisingly few actually demonstrate. My opinion is that jargon is often a smoke screen to cover up a lack of knowledge.

Albert Einstein apparently once said: "If you can't explain it simply, you don't understand it well enough." Despite that, people in business are sometimes guilty of using phrases that make English sound like gibberish.

At Shipleys, we like to think we're fluent in the language of business and finance – and translating it into terms that our clients understand. So, if looking for 'low-hanging fruit' is 'mission critical' and you want advice from people who are expert at 'knowledge transfer' contact us or read on.

Me, I'm off for a little bit of thinking 'outside the box' – it's not rocket science! Enjoy the read.



Spring clean your finances

Year-end tax planning

The move from one tax year to another can give you an opportunity to choose the year in which income, gains or reliefs fall to reduce your tax bill, or give you more time to pay.

Income and deductions

The personal allowance (currently £10,000) increases to £10,600 for 2015/16. This is reduced by £1 for every £2 of income over £100,000. So, for 2014/15, you will lose the allowance entirely if your income exceeds £120,000. For 2015/16 this threshold increases to £121,200. The effect is a 60% income tax rate on your income between £100,000 and the threshold, plus 2% national insurance contributions (NIC) if applicable.

The basic-rate band is being lowered to £31,785 for 2015/16, eating into the benefit of the increase in the personal allowance for those with income over £42,385.

If you or your partner receive child benefit, the high income child benefit charge (HICBC), is equal to the child benefits claimed, if either of you has income of £60,000 or more. The charge is scaled down proportionately where the income is less but still over £50,000.

Tax relief for your pension contributions in 2015/16, is still only available on contributions up to £40,000. This is increased by any pension inputs – contributions by you and your employer to a pension scheme – in the previous three years which fell short of £40,000 a year. However, if you are in pension drawdown, pension inputs will be limited to £10,000 a year. Anyone

Tax relief for your pension contributions in 2015/16, is still only available on contributions up to £40,000

Income tax relief at 30% is available on up to £200,000 subscribed for shares in Venture Capital Trusts (VCTs)

There are a number of lifetime gifts exemptions



who has an election in place requiring no further pension contributions should beware of being automatically included in a workplace pension scheme.

Unless your marginal tax rate will be higher for 2015/16, it's better to do any charitable giving by 5 April 2015. This also applies to gifts of listed securities and land, where these qualify for income tax relief. You may elect to treat gift-aid cash donations made between 5 April 2015 and the date you file your 2014/15 tax return, and not later than 31 January 2016, as though they were made in 2014/15.

If you're not domiciled or not ordinarily resident in the UK and are taxed only on remittances of overseas income and gains, you're not entitled to the personal allowance or annual exemption for capital gains tax (CGT) purposes, unless your unremitted overseas income and gains are less than £2,000.

Capital gains

Deferring a disposal that gives rise to a capital gain and would take you over the annual CGT exemption (£11,000 for 2014/15) until after 5 April would mean CGT is payable a year later. Deferral may also mean that you may become eligible for entrepreneurs' relief, where gains are taxed at 10% rather than 28%, if the asset has been held for at least a year. The lifetime



limit on gains which qualify for entrepreneurs' relief is £10m, for disposals made after 5 April 2008.

If any of your assets have become of negligible value, you should consider a loss claim for CGT purposes. In some circumstances income tax relief may be available instead. 'Bed and breakfasting' – selling shares or securities to realise a gain covered by losses or the annual exemption and then buying the same shareholding – is not allowed under anti-avoidance rules if the purchase takes place within the next 30 days. However, these rules don't apply to shares 'reacquired' by your spouse or Individual Savings Account (ISA).

Disposals of shares that result in a controlling interest in a company being held by an employee ownership trust are exempt from CGT.

Enterprise Investment Scheme (EIS) deferral relief may enable you to postpone tax on a gain, which has already been made, until disposal of the EIS shares. If you still own the EIS shares when you die the deferred gain effectively disappears. Relief is given for share subscriptions in EIS-qualifying companies up to three years after the earlier disposal. For acquisition of Seed Enterprise Investment Scheme (SEIS) shares, gains arising in 2014/15 on disposal of other assets are exempt up to an amount

equal to 50% of the SEIS subscription.

Tax-efficient investments

Income tax relief at 30% is available on up to £1m of subscribed shares in qualifying EIS companies, provided you're not connected with the company. Any gain on the sale of the shares is exempt from CGT if the shares are held for at least three years. Up to a further £500,000 may be subscribed in 2014/15 and claimed in 2013/14 if EIS relief wasn't fully used in that year. CGT on a gain realised up to three years earlier may be deferred by a subscription for shares in qualifying companies, even if you are connected with the company.

The SEIS is available for shares issued by smaller companies. A maximum of £100,000 subscribed can attract 50% income tax relief, but this is withdrawn if the shares are realised within three years. Any gain on the sale of the shares after three years is exempt from CGT.

Income tax relief at 30% is available on up to £200,000 subscribed for shares in Venture Capital Trusts (VCTs), if the shares are held for at least five years. Depending on the size of your shareholding, dividends and gains relating to shares in VCTs may be exempt.

Income and gains on investments in an ISA are tax-free. You can invest up to

£15,000 in 2014/15, and this can all be in a cash ISA. You may only contribute to one cash ISA and one stocks and shares ISA in any tax year.

Inheritance tax planning

Gifts to your spouse or civil partner are wholly exempt, unless the recipient is not domiciled in the UK for inheritance tax purposes and you are. In such circumstances the exemption is limited to a cumulative £325,000.

There are a number of other exemptions for lifetime gifts that don't depend on surviving at least seven years. You can give up to £3,000 each tax year, together with any amount not used in the preceding year. In addition, you can give up to £250 to any number of individuals each year.

There are special exemptions for gifts made on the occasion of a marriage or civil partnership – £5,000 for each of the parents of the couple, £2,500 for each grandparent or remoter ancestor, and £1,000 for others.

Regular gifts out of income are exempt without limit, provided your remaining after-tax income is sufficient to maintain your usual standard of living. A trust may be a suitable vehicle to receive such gifts. Lifetime gifts of assets likely to increase in value are also worth considering, as any further increase in value during your lifetime is outside your estate, even if you don't survive

seven years.

Gifts to certain political parties are exempt.

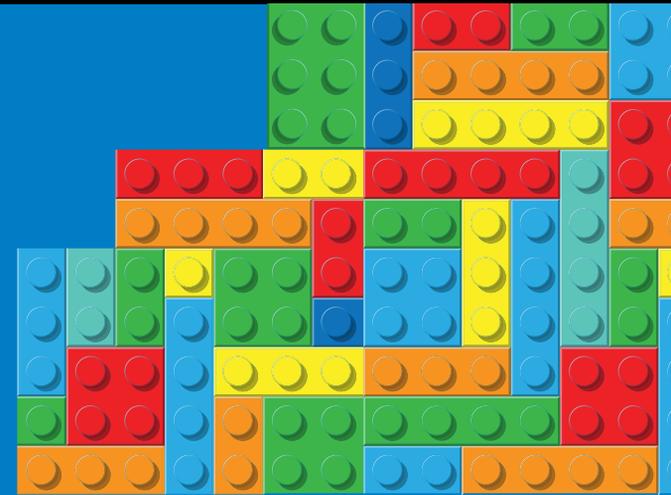
Lifetime gifts and bequests to charity on death are already wholly exempt. If bequests are at least 10% of the amount otherwise chargeable at 40%, the tax rate on the balance will be reduced to 36%. In some circumstances, this actually makes lifetime gifts to charity less tax-efficient.

Note: Tax rates etc for 2015/16 and 2016/17 are those announced by the present Government in the Autumn Statement.

At least two Finance Acts are expected this year and the proposals announced in the December 2014 Autumn Statement and the March 2015 Budget may not be implemented. Different changes may apply from the date they are announced.

Tax changes affecting non-UK resident owners of UK residential property

Building blocks for a fairer tax system?



The Government is proceeding with plans to extend capital gains tax (CGT) to gains made by non-UK residents disposing of UK residential property after 5 April 2015.

The scope of the ATED has widened since it was introduced and it's also getting more expensive. When it was first introduced it applied only to properties worth more than £2m on 1 April 2012. The £2m threshold drops to £1m from 1 April 2015 and then to £500,000 from April 2016. And the amount of the annual charge is increasing, while the bands have stayed the same over a period when many properties have significantly increased in value.

The Government says the policy is being introduced to “improve the fairness of the tax system by addressing the current imbalance between the treatment of UK residents and non-residents disposing of UK residential property” and to bring “the UK into line with many other countries around the world that charge CGT on the basis of where a property is located”. The new rules apply only to residential property – commercial properties are excluded.

Previously, non-UK residents were not generally liable to UK CGT even if the asset concerned – whether residential property, investment property, company shares or other asset class – was located in the UK. This has already changed for non-resident owners caught by the Annual Tax on Enveloped Dwellings (ATED) rules.

Enveloped dwellings

Since April 2013 UK residential properties owned by ‘non-natural persons’ (broadly companies, partnerships with a corporate member and other collective investment vehicles) – including offshore companies – have been subject to ATED. This is an annual tax charge based on the value of the property on 1 April 2012 or date of acquisition if later.

When the ATED charge is payable on a property, any gain attributable to that period of ownership is liable to 28% CGT on disposal.

The annual ATED charges are shown in the table below.

There are numerous exemptions, for example covering developers, but owners wishing to claim one of the exemptions for their property must file an annual return, on time, claiming the exemption.

Dwellings owned by other non-UK residents

The new provisions that will apply from 5 April this year are aimed at non-resident individuals (on their own or in partnership), non-resident trustees, personal representatives of a non-resident deceased person and non-resident companies controlled by five or fewer persons (except where that company or at least one of the controlling persons is a ‘qualifying institutional investor’). Those with ATED-related gains will not also be liable under the new non-resident provisions.

Affected property

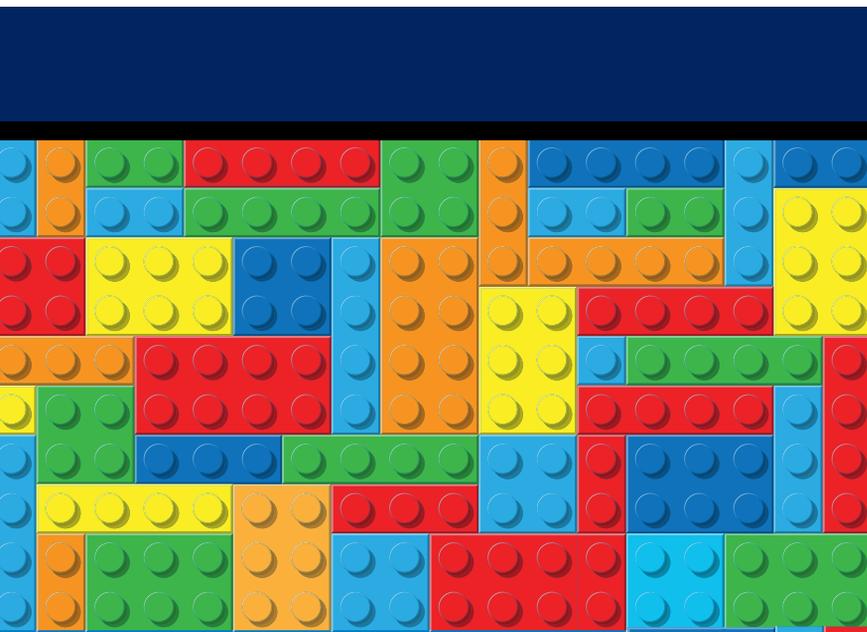
CGT will apply to gains realised on the disposal of UK residential property and property which has the potential to be used as a residence. This includes property which is currently being built or adapted for residential use.

Residential property which is used on a communal basis, such as care homes, school boarding houses, military accommodation, hospitals, hospices, prisons and purpose-built student accommodation including at least 15 bedrooms, is to be exempt from the new CGT charge.

Calculation of gain

Only the increase in value after 5 April 2015 will be taxed under the new charge. For properties held then a valuation at that date will therefore be required. Alternatively, those affected can

Property value	2013/14 £	2014/15 £	2015/16 £	2016/17 £
£½m–£1m				3,500
>£1m–£2m			7,000	TBA
>£2m–£5m	15,000	15,400	23,350	TBA
>£5m–£10m	35,000	35,900	54,450	TBA
>£10m–£20m	70,000	71,850	109,050	TBA
>£20m+	140,000	143,750	218,200	TBA



New reporting standard has arrived

FRS 102 is in and likely to affect more organisations



Financial Reporting Standard 102 (FRS 102) came into effect for company accounts commencing on or after 1 January 2015. It replaces the current UK Generally Accepted Accounting Practice (GAAP).

FRS 102 applies to companies who don't prepare their accounts under the Financial Reporting Standard for Smaller Entities (FRSSE) or haven't adopted the International Financial Reporting Standards (IFRS).

Start thinking ahead

For small companies, the FRSSE is likely to have a very short shelf life. The Financial Reporting Council proposes withdrawing FRSSE and requires small companies to apply FRS 102 for periods commencing on or after 1 January 2016. So even small companies preparing accounts under FRSSE should start thinking now about how FRS 102 will affect them.

The impact of the changes

The changes take effect for accounting periods commencing on or after 1 January 2015. However, there will be a transition date of 1 January 2014 to ensure comparative financial information conforms to the new standard. Where applicable, it's important to arrange valuations for assets and liabilities held at the transition date which will be recognised for the first time, such as financial instruments and holiday pay. It may be harder to obtain these valuations retrospectively.

Changes to consider under FRS 102 include presentation, measurement and disclosure.

Deferred taxation

The scope will widen to include, for example, a provision for deferred tax on all revalued assets.

Investment properties

The main change is recognition of revaluation gains and losses through the profit and loss account rather than through balance sheet reserves.

Goodwill and other intangibles

The scope will widen as there will be more identifiable assets on a business combination (where separate businesses are brought into one reporting entity) under FRS 102, so potentially a reduced goodwill value. There will also be a 'rebuttable presumption' of a five-year useful life for goodwill and other intangible assets and

you won't be allowed to apply infinite useful lives to these.

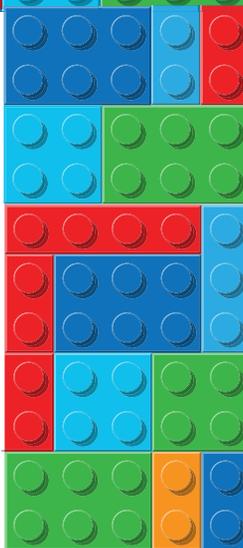
Financial instruments

Derivatives, such as interest rate swaps and forward exchange contracts, will need to be valued and recognised on the balance sheet.

Holiday pay

Employee holiday pay for days not taken by the accounting year-end will need to be valued and recognised as a liability.

The impact of these changes will depend on the organisation and not every change will be applicable. At this stage companies need to think about how these changes will impact them, start arranging valuations and seek professional advice where necessary.



Action required

Even those with nothing to pay may need to claim exemptions. This is a significant extension to the scope of UK tax and many people are likely to be caught out. Former UK residents who have emigrated but retained their UK property are an obvious example.

elect for the gain to be calculated by time apportionment, charging only the proportion of the gain attributed to the period after 5 April 2015.

Rate of tax and payment

For individuals the CGT charge will be 18% for basic-rate taxpayers and 28% for higher-rate taxpayers. The applicable rate will be determined by the non-resident's UK income for the year. Non-resident trusts will be liable at 28% and the rate for companies is expected to be 20%. The normal annual CGT exemptions will apply to individuals and trustees.

The present indications are that the gain will have to be reported and the tax paid within 30 days of completion, although more time to pay will be given to those who already file UK tax returns. This seems a challenging timetable given that most non-UK residents will not have UK tax reference numbers.

Exemptions

The charge will apply not only to owner occupied properties but also to those let out – in contrast to the ATED rules where properties let to third parties are exempt if the appropriate claim is made in the annual return.

The main residence exemption can only be claimed in relation to a UK home by a non-UK resident owner who has spent at least 90 days in their UK home(s) in that tax year.



Capital allowances on expensive cars



Cars bought before 6 April 2009 costing over £12,000 are dealt with individually for the purposes of calculating capital allowances (tax deductible depreciation). This means that on disposal the written down value is compared with the proceeds and a tax adjustment is made. Those still held must be transferred to the main pool (of capital assets) at the end of the accounting period ending on or after 31 March 2014 for corporation tax and 5 April for income tax. This doesn't apply if the car is owned by a sole trader or partnership and is used partly privately, but the £3,000 cap on the annual writing down allowance (tax allowable depreciation) is removed.



State retirement pension changes

From April 2016 the state pension will be transformed into a single-tier flat-rate pension. This will affect everyone who reaches state pension age after 5 April 2016. The maximum state pension for 2016/7 is expected to be about £150 a week. Full entitlement will depend on having 35 qualifying years and at least ten will be needed to receive

anything. The state pension age at 6 April 2016 will be 63 for women and 65 for men. Anyone who has built up an entitlement exceeding the new figure will be able to keep it. It's therefore worth getting a pension statement before April 2016 to work out whether it's beneficial to make further contributions, including the new Class 3A contributions.

Transferable allowance for married couples and civil partners

From 6 April 2015, up to £1,050 of your personal allowance can be transferred to your spouse or civil partner, and vice versa, if neither of you is a higher rate taxpayer. HMRC has published guidance on this.

Inherited Individual Savings Account (ISA)

A spouse or civil partner who inherits cash or securities in one or more ISA(s) from his or her late spouse or civil partner after 2 December 2014 will have an additional ISA allowance equal to the value of the inherited ISA(s), enabling them to continue to enjoy the tax benefits on the amount inherited.

Inheritance tax (IHT) exemption for emergency personnel

There is a long-standing exemption from IHT if someone's death is attributable to a wound, accident or disease occurring when on active service while a member of the armed forces. For deaths that occur after 18 March 2014, this exemption will extend to emergency service personnel.

IHT relevant property trusts

Following strenuous objections, the Government has decided not to pursue a change to IHT on property trusts announced last June [see *Shipshape* Winter 2014/15, page 6]. Instead, a more modest change includes simplifying the calculation of trust charges and introducing rules to prevent the use of multiple trusts to mitigate IHT. The new rules apply from 6 April 2015 to relevant property trusts created after 9 December 2014 and to additions made to older trusts where they are made to more than one trust on the same day. This will not apply to an addition to a pre-10 December 2014 trust if it was in accordance with a will executed before 10 December 2014 and the settlor dies before 6 April 2016.

Orchestra tax relief



A new tax relief is due to come into force in April 2016, modelled on the existing theatre tax relief. It will provide a corporation tax deduction or a payable tax credit for orchestras on expenditure such as player fees, rehearsal costs and venue hire, including a higher rate for touring productions.

Accelerated payment notices (APNs)

The Finance Act 2014 introduced APNs which demand payment of disputed tax within 90 days, rather than when the courts find it properly chargeable [see *Shipshape* Winter 2014/15, page 7]. A number of participants in film partnership schemes who have received APNs have been granted permission for a judicial review. It's understood that the claim is likely to be heard by the High Court in the early summer – meanwhile the APNs will be suspended.

Non-domiciled remittance basis charge (RBC)

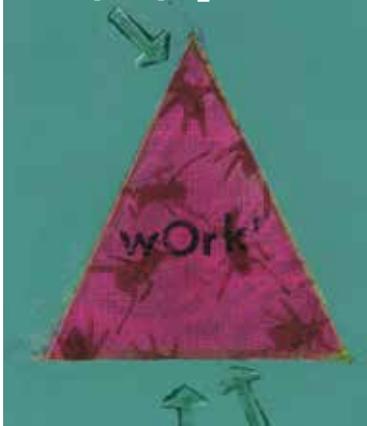
The RBC is payable by long-term non-domiciled UK residents who want to pay tax on overseas income and gains only when remitted to the UK. As announced in the Chancellor's Autumn Statement in December, the RBC for 2015/16 for those resident in the UK for 12 of the 14 preceding tax years increases from £50,000 to £60,000, or if resident in the UK for 17 out of the 20 preceding years, £90,000. The Government is also considering requiring those affected to elect to adopt the remittance basis for three years at a time, rather than being able to review each year separately.

Government announces 2015/16 rate for calculating tax on beneficial loans

The Government has announced that the official rate of interest will fall to 3% from 3.25% as of 6 April 2015.

The interest rate is used to calculate the benefit-in-kind charge on beneficial loans to employees and on living accommodation provided for an employee or director. It's also used to calculate the pre-owned asset charge on assets other than land.

National Insurance Contributions (NIC) update



NIC contracting-out ends

From 6 April 2016, when the new state pension is introduced, contracting out will cease and the existing rebate will end. Guidance on the changes can be found at www.bit.ly/1vJw2To.

Class 1 secondary NIC (employer) contributions

From April 2015, secondary Class 1 NIC will not apply for employees under 21 on their earnings up to a new threshold, the Upper Secondary Threshold, which currently is equal to the Upper Earnings Limit (currently £805 per week). From April 2016 secondary Class 1 NIC will be abolished for apprentices under 25.

Class 2 NIC reform

From April 2015 the flat-rate Class 2 NIC payable if you are self-employed will be due to HMRC on 31 January after the end of the tax year, according to the number of weeks in the year that you are self-employed. There will be no need to apply for exemption because of small profits. Further contributions may still be paid voluntarily to increase benefits.

HMRC will take the final payments of Class 2 NIC from those currently paying by direct debit on 10 April or 10 July 2015, depending on whether they pay monthly or six-monthly. But there will be a facility for those who want to pay NIC throughout the year rather than in one lump sum.

Mini One-Stop Shop (MOSS)

MOSS update



The new VAT place of supply rules for intra-EU business-to-consumer supplies of broadcasting, telecoms and e-services came into effect on 1 January 2015. This means that affected businesses must now apply VAT at the rate applicable in the customer's country of residence.

Some extremely helpful new guidance is emerging on a regular basis and there have also been some last minute changes designed to make it easier for micro-businesses to comply.

HMRC realised, rather belatedly, that UK businesses that wanted to have a MOSS VAT registration (an EU-wide VAT registration administered by HMRC) would, first, need to be registered for UK VAT. This meant that a business with turnover below the UK VAT registration threshold would face an unpalatable choice, to either:

1. register for UK VAT and account for VAT at 20% on UK sales to be able to have a MOSS registration; or

2. register for VAT in every EU country where they have a customer.

At the very last minute (on 29 December) HMRC came up with a solution.

The other simplification relates to evidence of customer location. Under normal circumstances it's not possible to rely solely on information provided by a payment service provider. However, until 30 June 2015, micro-businesses that are registered for MOSS but are below the VAT registration threshold will be allowed to rely solely on the information provided by their payment service provider.

However, they will be expected to have made the required system changes to enable them to collect information directly from their customers from 1 July onwards.

HMRC is sympathetic and is implementing as many simplifications as possible, but these changes are EU-driven so there is a limit to how far it can go.

The solution

Affected businesses do still have to apply for a UK VAT registration but it's a special one that allows their UK sales to remain VAT-free while the turnover of the business is below the VAT registration threshold. This enables the business to apply for a MOSS registration as well. These businesses are also able to reclaim some of the VAT incurred on UK costs via the special UK VAT registration but only the proportion that relates to non-UK sales. So, there is no need to account for VAT on UK sales while below the VAT registration threshold (currently £81,000), but businesses must complete two VAT returns every quarter.

Festive fundraising

Last December Shipleys employees took part in Christmas Jumper Day, the annual fundraising campaign organised by Save the Children, raising a grand total of £117,50 for the charity. Thank you to all who took part!



Where are they now?

A move into property

Gareth Morris joined Shipleys as a graduate trainee in 1995 and left the firm in 1999 to pursue his career as a financial controller in industry. He has since moved into the property business, initially buying properties and converting them creating a buy-to-let portfolio and selling a few along the way. More recently, Gareth has carried out a mixed-use development in Banbury comprising of a restaurant, retail space and eight flats. He is also about to complete a development of eleven flats in Cheltenham – four of which have already been sold ahead of the start of the marketing phase.



A reminder to former Shipleys staff about our Shipleys Alumni LinkedIn group. We're always interested to hear what our former colleagues are up to and spread the word via this page, so please share your news with us and pass this on to other alumni you keep in touch with.

Celebrating exam success

Congratulations to Meadhbh Simons on obtaining the ACA qualification after passing all three of her final Advance Stage exams.



Drama Republic Golden Globes win

In the last edition of *Shipshape* we profiled our client Drama Republic.



Following the company's success with award-winning BBC1 drama *The Honourable Woman*, we are delighted to report that Maggie Gyllenhaal who starred in the production won best actress at The Golden Globes 2015.



Adams & Miles LLP, Canada



AGN member in Canada, Adams & Miles LLP, has about 50 people based in offices located in Toronto and Brampton, Ontario.

The firm invests heavily in its people and is committed to ongoing education and development of the professional expertise of all its staff to enable them to 'be more than just an accountant'. It's an active participant in an education consortium that it helped found over 30 years ago, which provides continuing professional education to partners and staff, and is an approved training office for Chartered Professional Accountants in Canada.

Adams & Miles LLP focuses on the business needs of entrepreneurs and on the governance and management needs of not-for-profit organisations, as well as providing traditional assurance, accounting and tax services. Based on long-term relationships with the firm, clients trust Adams & Miles LLP to bring a broad range of expertise to bear on business and management problems to help them reach their economic potential.

Managing partner Gary Fitzgibbon is a board member of AGN International and a former chair of the Executive Committee of AGN North America.

www.adamsmiles.com



St Hilary's School was founded in 1927 and has been an important part of the fabric of Godalming for many years. The school's bursar, Sarah Jones, chats to Shipshape about what lies behind the school's success.





Educating Surrey

Situated in the heart of Godalming, St Hilary's School provides "an outstanding all round education", equipping pupils not only with strong academic standards, but also the essential qualities and skills required beyond their time at the school.

"Each pupil's individual talents and strengths are recognised and utilised, ensuring all exceed their full potential and beyond in a vibrant, busy, yet nurturing environment," says Sarah.

Specialist teaching is introduced at an early age and the school is proud of the range of scholarships it secures. Extensive grounds and facilities provide infinite opportunities for learning and classrooms are well resourced and welcoming. Sarah tells us: "Small class sizes encourage independent learning, informed risk-taking and thinking 'out of the box'. Ultimately we strive to ensure that all our pupils develop a real thirst for learning."

Challenges in the sector

Like many independent schools, the main financial challenge is to maintain pupil numbers. "There is always demographic movement as families relocate into and out of the area and these are carefully monitored to help with cost control," says Sarah.

Sarah explains that there are a

number of good, strong schools, both independent and state, in the local area. This presents a challenge, but is also used to the school's advantage by maximising opportunities to share good practices and resources wherever possible.

Reflecting on the forthcoming General Election, Sarah says that a potential change of government always brings challenges to the independent school sector and the school may have to adapt to any new requirements introduced to allow it to continue to justify its charitable status.

As with all independent schools, St Hilary's is required to comply with the regulations of many governing institutions: the Independent Schools Inspectorate; the Independent Association of Preparatory Schools; HMRC; the Information Commissioner's Office; and OFSTED.

Significant human resources are invested to ensure the school is compliant with the requirements of all these bodies and to ensure that it offers the best possible education for all its pupils.

Outside the classroom

Shipleys provides St Hilary's with auditing services. This includes auditing the teachers' pensions returns and for the first time recently completing a tax return

on behalf of the school for HMRC.

"Shipleys supports our ethos of being part of the local Godalming community. They are experts in their field and always available with advice as necessary," says Sarah.

"It is very important to us that we support and employ local businesses and this was a determining factor in our decision to appoint Shipleys when we put our auditing service out to tender a couple of years ago."

Whenever possible, Sarah attends Shipleys' monthly Business Breakfast Club meetings held at Shipleys' Godalming office and finds them "a great way of networking with other local businesses". She also attends the Shipleys annual budget briefing held in the Godalming office – "a quick and easy way to find out the most important factors affecting the school".

Shining bright

This is an exciting time for St Hilary's and with pupil numbers at a buoyant level the school is working with its Governors to plan the best strategy for the future, including plans to extend and enhance the communal spaces in the school.

www.sthilarysschool.com

"Small class sizes encourage independent learning, informed risk-taking and thinking 'out of the box'. Ultimately we strive to ensure that all our pupils develop a real thirst for learning."

**Sarah Jones, Bursar,
St Hilary's School**



In case the unexpected happens

A guide to lasting power of attorney



Discussing what will happen if you lose your mental capacity is never easy. A recent study showed that one in three over-65s will develop dementia. Without a power of attorney in place your loved-ones will be unable to access your money even if it's to pay for your care, and may need to obtain a court order.

What is a lasting power of attorney (LPA)?

An LPA is a legal document in which you nominate one or more persons to help make decisions on your behalf if you're not able to. There are two types of LPA – one for property and financial affairs and another for health and welfare. The latter can only be used after a person loses capacity, whereas the financial LPA can be used at any time.

It's possible to nominate the same attorney for both, different attorneys for each LPA or even nominate attorneys for just one. If two or more attorneys are being appointed you need to decide if they will act jointly, which means they must all agree on any decisions, or separately or together which means they can make decisions on their own or with the other attorneys. LPAs cost £110 each and can be completed online or in paper form.

LPAs have replaced the previous enduring power of attorney (EPA) system. EPAs set up before 1 October 2007 are still valid, whether or not they have been registered, although they must be registered when the person loses capacity, which also costs £110.

Why set up a lasting power of attorney?

The key thing to remember is that you can only set up an LPA when you have the mental capacity to do so. Once you've lost capacity, it's too late. If you lose mental capacity, unless you have an LPA, your family will need to apply through the court to become a 'deputy', a long and expensive process (a £400 registration fee and a £320 annual fee, plus possible solicitor fees).

Your attorneys must follow the principles of the Mental Capacity Act 2005, which includes acting in your best interest when you are unable to make a decision. Your attorney should only ever make a choice for you if you're unable to make that specific decision at the time it needs to be made. For example, if you fall into a coma, your representative would start looking after your affairs. Yet if you wake from the coma, you should be able to make your own decisions again.

Who decides if someone has capacity?

The Mental Capacity Act says a person is unable to make a decision if they can't do one of the following: understand information relevant to a decision; retain that information long enough to make the decision; use or weigh that information; or communicate the decision.

When you make an LPA, a 'certificate provider' decides if you're capable of making that choice. They can be someone you've known for at least two years or a professional, such as a doctor, solicitor or your usual Shipleys contact.

The key thing to remember is that you can only set up an LPA when you have the mental capacity to do so

What to do next?

If you wish to obtain an LPA the relevant forms can be downloaded or completed online at www.gov.uk/power-of-attorney.

Before the forms can be registered you must send a notice of intention to register to anybody that has been named in the LPA.

The Office of Public Guardian will also contact them directly. They have three weeks to object and if they don't the LPA should be registered in eight to ten weeks. It's possible to end an LPA by sending a deed of revocation to the Office of the Public Guardian.

A good opportunity to make or update a will

While you're setting up a LPA it's a good time to ensure you have an up-to-date will. Your spouse or civil partner doesn't automatically inherit everything if you don't have a will and your estate will follow the rules of intestacy, under which, in England and Wales, a spouse or civil partner only inherits the first £250,000 and half the residue if there are children. Different rules apply elsewhere in the UK and in other countries. This might not meet your wishes and can mean unnecessary inheritance tax (IHT).

It's important to seek professional advice. Shipleys Trusts and Estates and Tax teams can advise on any IHT that might be due and ways to structure your estate to mitigate tax.