

# Beyond THE Numbers

Issue Five

## HIGHLIGHTS

### *Succeeding with the cash flow challenge*

What should fast-growing tech businesses on the hunt for fresh finance be doing to boost their chances of success?

### *Post-Brexit Britain*

How will the UK's departure from the EU impact charities, businesses and private individuals?

Buzzacott

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# ISSUE FIVE

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# Welcome to the fifth issue of *Beyond the Numbers*



*The modern world continues to be an interesting environment in which to live and work. Every day we come across a myriad of challenges and societal changes which force us, as individuals, to flex our routines, adapt and accommodate. Doing business in these times is no different, and as we have experienced over the last six months, the environment for all sectors is transforming.*

While GDPR and Brexit have been known about for a while now, the significance of them and the upheaval they may give rise to should not be overlooked. As a firm, we are navigating these waters and so walk hand-in-hand with our clients. However, with challenges, come opportunities. With this in mind, in this issue of *Beyond the Numbers* our specialist teams have drawn on their own experiences and expertise to provide insight on the life of an 'expat'; the anticipated consequences of Brexit for charities, businesses and private individuals; the opportunities available for succession planning; and FCA regulation. In other articles we say "hello again" to some faces from the past, "welcome" to new friends and "farewell" to longstanding colleagues.

On behalf of all of us at Buzzacott, I hope that this issue will help you, our clients and friends, to navigate the modern world and overcome the challenges it brings. I look forward to receiving your feedback and thank you for your continued support and loyalty.

*Amanda Francis.*

**Amanda Francis**  
Managing Partner



# Post-Brexit Britain



## GET IN TOUCH

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*The UK's departure from the European Union will have significant short-, medium- and long-term impacts. Here, we share our thoughts on how Brexit will impact the charities, businesses and private individuals Buzzacott supports.*

**Katharine Patel is a Partner of the firm and head of the Charity & Not-for-Profit team.**

The charity sector is very used to dealing with change. Monitoring government regulations and sourcing new funding opportunities are all in a day's work. The sector is so diverse that, for some, Brexit presents a challenge; for others, it presents an opportunity.

Only a relatively small proportion of charities receive funds managed by the European Commission (for example, the European Regional Development Fund and the European Social Fund), and those that solely depend on these funds are even fewer in number. These grants tend to represent just one income stream among a whole host of other sources.

Rather, it's the state of the wider economic sphere that our clients are watching most closely. If the Brexit process continues to bring fluctuations in the value of the pound, it may deter foreign investors and weaken the UK economy. Where our clients rely on income from listed investment portfolios or property, an unstable financial environment could reduce returns and capital growth.

It's less certain how this could affect the availability of donations from private sources. It is often envisaged that overall charitable giving will fall in line with the state of the economy. However, there is an argument that the rate of charitable giving is relatively inelastic at times of uncertainty. Either way, this brings into focus the increasing need for charities to engage with the general public and the communities they serve, in order to demonstrate the positive impact they generate.

Buzzacott is also monitoring opportunities to reduce the tax burden on charities.

At the moment, charities can access a number of important reliefs such as business rates and Corporation Tax, but high levels of irrecoverable VAT are one of the biggest tax burdens that many charities shoulder. Although no major changes are envisaged, Brexit does provide the UK government with an opportunity to take a fresh look at granting a more favourable VAT position to charities and not-for-profits. These institutions may then find they're able to recoup a greater proportion of their outgoings.

A number of our clients operate in some way in the EU although most have a UK national, regional or local focus,





and of those we support with an international remit, many of their activities take place in the developing world.

A specific challenge for some will be the potential restriction that Brexit will place on the movement of labour across borders. For example, healthcare charities often recruit their employees from within the EU and certain educational bodies rely on EU students to boost their income sources. If Brexit introduces restrictions on workers from the continent, it may threaten charities' abilities to access necessary skills.

But leaving the EU also means we level the playing field when it comes to talent. If organisations can source talent from all over the world, we may start to see more Australian, American and Asian citizens filling vacant positions here in the UK.

Ultimately, charities and not-for-profits are adaptable. Brexit might just offer a greater opportunity for the sector to demonstrate its value to the UK and to thrive.

**Peter Chapman is a financial services audit Partner and heads up the firm's Corporate Audit and Assurance Team.**

Businesses can be reluctant to move forward while there is little clarity about the UK's future outside the EU. But if they wish to stay relevant and competitive within their respective industries, they must continue functioning as usual. Better yet, they should take advantage of this period of change to create new opportunities.

Access to the single market is getting a lot of press attention at the moment. Given that 50% of our corporate clients are active in the financial services sector, the future of EU passporting rights is a key business consideration for us and the financial services sector clients.

We expect, when it comes to exit, that Britain will enter into a system of equivalence, whereby we'll choose to recognise EU standards governing financial trading in an effort to retain mutual access to other markets.

If Britain withdraws from the European Economic Area (EEA), international financial firms may be forced to choose another point of entry to the single market. It will likely make a difference to London's role as a financial centre, and accelerate the rise of other European centres like Frankfurt, Paris and Dublin. But that's not necessarily a reason to be concerned. For those that are looking to open representative offices in locations such as Luxembourg, Dublin and Malta, we've been helping them sound out their options. But no one is making the move just yet.

In the non-financial services market in particular, a number of business owners have reported that the decision to leave the EU has positively affected them. Two clients – both entrepreneurs – have recently sold their businesses to US firms which, with the depreciation of the pound, saw Brexit as an opportunity to break into the UK market for a cheaper rate than they would have been able to just a couple of years ago.

London remains a very attractive location. The UK already has a favourable rate of Corporation Tax – which is set to fall to 17% – and for international corporates looking to expand or relocate to the UK, this remains a fundamental consideration. It's unlikely we'll see considerable change to VAT, and it's doubtful Brexit will bring any change to audit and reporting requirements – no one has an appetite for deregulation.

So, our clients can proceed with caution.

There are still plenty of positive investments taking place in the UK. We gained a new client early this year: an

Australian company that has set up an office in London as its gateway to Europe. And McDonald's recently made the decision to move its international tax base from Luxembourg to Britain. Moves like these are helping to secure growth, increase the number of jobs, and stabilise the UK economy.

**Justin Dillingham is a Partner in the Expatriate Tax Services team.**

Many of the clients we support in the Expat Tax team are US citizens working in London's finance industry. For these individuals, their greatest worry is how the future of Brexit might affect their employment with international banks and financial institutions. There's a possibility our clients will find themselves having to relocate to 'preferred' financial centres.

That was the case for one EU national client and his family, who made a quick decision following the Brexit vote. When we met last summer, he explained, "well, you know we're looking at schools in Frankfurt now. We'll be gone by the end of the year." But 12 months on, they've decided to stick around.

That's not uncommon. From our discussions with clients, we've discovered that while they have a deal of individual mobility, they're reluctant to uproot their families. It's especially true of those who have been living in the UK for a long time, and who have embedded themselves in British culture.

While most of our clients are quite prepared to commute to the likes of Dublin or Paris, they're only looking to do so three or four days a week, and maintain their base in the UK. Expats are finding these other European hubs just don't have the same domestic infrastructure they're used to as far as housing, schooling and international travel opportunities are concerned.

If our clients find themselves working in the Eurozone, it means their income will be taxable in these countries. But just as we've always offered our clients an integrated approach to their UK and US tax returns, we'll leverage our membership of PrimeGlobal\* to support their multiple tax requirements.

For now, we don't foresee huge change in the way expats will be taxed. It's important to remember we've already seen a lot of change, since 2008, long before the idea of Brexit was first floated.

Then, the talk was of Geneva. People thought there would be a huge exodus of hedge funds and international corporations – but only one client upped sticks. Britain is no longer as good a tax environment for non-domiciled residents as it once was, but it is still favourable enough for people to want to live here.

*“It is not the strongest of the species that survives, nor the most intelligent, but the ones most adaptable to change.”*

So no one is pressing the panic button yet.

A quote from Charles Darwin comes to mind, one that's pretty apt: "It is not the strongest of the species that survives, nor the most intelligent, but the ones most adaptable to change."

Our clients will adapt, and we will too. We'll continue to be at the centre of our clients' needs.

\* Buzzacott is a member of PrimeGlobal – an association of 350 independent accounting firms and business advisors with a presence in 90 countries. As part of the association, we help our clients achieve their goals in international markets – no matter what the future holds for post-Brexit Britain.



# Build a lasting legacy with IHT and succession planning

*Details of changes to Inheritance Tax (IHT) were outlined in the 2017 Spring Budget regarding tax legislation and rates, although the changes were first introduced by then-Chancellor George Osborne in 2015. By 2020, a couple whose house is worth up to £1m may be able to leave it to their children or grandchildren without generating IHT on that legacy, but negotiating the new legislation can be a bit of a minefield.*

## GET IN TOUCH

### MARY HASE

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We discussed strategies for IHT and succession planning with Mary Hase, a Director in Buzzacott's Private Client team. When it comes to helping clients plan for what will happen after their death, it's about far more than just tax and accounts.

Talking about death can be difficult. "You have to go at the client's pace," says Mary. "But I encourage clients to bite the bullet and face it. Think about it – just for a short time – plan what they want to do, make a will, appoint lasting powers of attorney, then put it all in the drawer and forget about it. Every so often get it out, dust it off, see if it still works, but at least they are prepared if the worst happens."

To an extent, IHT planning is tied to the process of drawing up a will, but it's not always a case of putting a plan in place to be actioned after your death. "Once you've decided who's going to get what, if it won't affect your standard of living, why not consider gifting it while you are alive so you can see the person enjoying it?"

A lifetime gift can give rise to IHT if you die within seven years of it, but as Mary explains: "If you make a gift now and survive seven years, it's completely free of IHT. If you don't manage to survive the full seven years, the rate gradually reduces if you survive at least three years. The key thing is to make sure you can maintain your lifestyle and then consider gifts because the earlier you can make the gifts, the better, and the larger the gifts you can make, the better."

Gifting tends to work in seven-year cycles because of this seven-year rule. "It's not imperative, but once you've made a gift it's a good idea to leave those seven years clear before you make the next major donation."

There are also some "easy wins" for optimising IHT and succession planning, such as making use of your annual 'use it or lose it' £3,000 exemption. For those whose income is more than they are likely to spend, the most generous exemption available is where you make gifts out of your income.

Like the annual exemption, gifts out of income are free from IHT. "The exemption for making gifts out of income is very heavily scrutinised by HMRC, given how generous it is, so it is important that the evidence demonstrates that the gifts are indeed from a donor's income. If the evidence is unclear, the exemption may be denied because the one person who could explain it would no longer be around," says Mary.

"You have to set a pattern to claim this exemption, but it doesn't have to be to the same person each year and it doesn't have to be for the same amount. As long as it comes out of income, it doesn't matter – it's flexible." It makes life a whole lot easier for executors and donees if a person

leaves detailed records of their finances and any gifts.

Where this is of interest, Buzzacott advises on the sum that can be gifted from a client's income each year. A popular option for grandparents, for example, is to make a gift out of income towards grandchildren's school fees. "It's a really good way to pass money down because often it's a regular payment; it's easy to qualify. And you have the benefit of supporting your grandchildren at a key stage in their life, and watching them blossom."

It comes full circle. From talking about death, you're soon talking about life instead.

Some clients resist talking about succession planning at all. "Although not ideal, where the subject is too sensitive for someone to deal with, it is possible to leave everything to a two-year discretionary trust." Placing your assets in a discretionary trust created by your will gives your executors two years from the date of your death to allocate and transfer those assets according to a letter of intent and still be able to have their actions treated (for IHT purposes) as if the deceased had made them. "You still have to steer them through the minimum of what they need to do, like appointing executors and guardians for children or dependents or assigning a lasting power of attorney."

Of course, it's not just about giving things away. "A lot of people won't make large lifetime gifts because they fear they're going to need the money for their elderly care or simply to enjoy in their retirement. However, the flip side is that they want their family to benefit from as much of their wealth as possible, given the IHT rate at 40%. These are difficult circles to square."

"One of the things I've always tried to do is talk to people about what they want to achieve, and what will make them happy... I always say that people come first and tax comes second. My advice: spend it before you go. Take the whole family on holiday. If you're going to visit family in Australia, fly business class. Treat yourself to a taxi home rather than suffering the Tube."

You learn a lot about clients when they start talking about IHT and succession planning. "That's when you find out about the holiday home in France and the son who's going through a messy divorce; all the things that make them tick."

It usually means Buzzacott's personal tax advisors are far better placed to deal with people's property and assets after their death, and often act as executors. "In one case, I had to take a person's dogs to the RSPCA shelter; in another, I had to call in a gunsmith to handle a collection of firearms," says Mary.

Going above and beyond is something we often hear at Buzzacott. "A trusted advisor, a mentor... it's far more than just tax and accounts."



# Succeeding with the cash flow challenge

## GET IN TOUCH

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*What should fast-growing tech businesses on the hunt for fresh finance be doing to boost their chances of success? Simon Wax, Tech & Media Partner at Buzzacott, and Andy Hodgetts, Corporate Finance Manager at Buzzacott, share their views.*

One of the constant issues faced by growing businesses is succeeding with the cash flow challenge.

On the surface, there is no shortage of potential sources of cash. Finance available to early-stage businesses include angel investment, bridge financing, crowdfunding, friends and family, credit cards and overdrafts. Established businesses – those that are able to generate positive operating cash flows – have additional sources at their disposal: asset-backed lending, invoice financing, peer-to-peer lending, private equity, trade investors and venture capital.

Although the UK government has encouraged banks to boost business lending in recent years, fast-growing tech companies turning over £1m plus are still struggling to source an injection of funds. A business must be able to generate sufficient internal cash flows from its operations to service debt finance.

If business owners can demonstrate good cash management *before* seeking funds, it can have a more positive impact on the outcome; they can reduce how much equity they sell, or how much they need to raise.

*If investors see a business with a basic understanding of how to manage cash, they'll think more positively about getting involved.*

Improving cash flow has the added advantage of making a business more appealing to potential funders. If investors see a business with a basic understanding of how to manage cash, they'll think more positively about getting involved.

So what does a business keen to scale up need to show either to the pool of banks that will support them, or to alternative sources of funding?

It's important for business owners to have a good handle on their weekly and monthly cash flow statements. Forecasting is also very important, as is the ability to show investors you can navigate the various channels required to ensure you get paid.

Sometimes this involves recognising your own limitations, and asking for help where you need it. A number of clients have asked us to prepare a simple cash flow model for them, which they can maintain and update on a regular basis.

Presenting cash flow is key to the telling of a story. Whether your investor is a venture capital trust, an individual or institutional money, they'll want to see a financial model. This should be an integrated model including a profit and loss statement, a balance sheet and cash flows.

It is because most businesses turning over £1m plus, with ambitions to scale up, do not have integrated models that they need support from specialist advisors such as Buzzacott. Ensuring cash flow systems are running smoothly should be a priority before making any effort to raise funding externally, which can be a minimum six-month exercise.

Having obtained finance, scaling businesses must also manage their cash effectively to succeed. We came across one cyber security company which had raised a significant amount of growth capital to service multinational clients. Cash burn each month was more than £400,000 and, ultimately, the cash flow ran dry.

Smaller companies survive from one month to the next, often in a race against time to win work and deliver it promptly to maintain their operations. This means it's doubly important for a scaling company to live within its means – it's best to develop a conservative business model and ensure that cash is considered at every stage of growth. Underpinning everything is robust cash flow built on an understanding of the virtues of issuing invoices, getting them onto client systems, and then getting paid.

**Paul Hopkinson, Buzzacott's Finance Director, gives his five top tips for successful cash collection:**

- Communicate – Whoever the client, make sure you communicate the scope of your engagement and agree your fee in writing in advance.
- Convey the value – Clients are most resistant when they don't understand what they are being asked to pay for, so be explicit about the value of your service.
- Limit the working capital cycle – Ensure invoices are issued promptly and send out reminders in advance of when payments are due.
- Accept a goodwill gesture – This may be a partial payment with a deferred deadline for the remainder, or setting up a standing order to make regular payments against their debt.
- If appropriate, get paid upfront – If you have concerns about your client's cash flow, issue an invoice and request payment in advance. If necessary, use points of leverage: make any additional work contingent on receiving payment for work you have done.



# THERE'S NO COOKIE CUTTER MOULD FOR A BUZZACOTT EMPLOYEE

## GET IN TOUCH

### ELIOT GLOVER

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*Eliot Glover, who joined this year as our HR Consultancy team's new Learning and Development (L&D) Director exemplifies this. As a qualified civil litigation lawyer, and former military legal officer Eliot's previous employers include the British Army and NATO. What's interesting is how well these roles have prepared him for Buzzacott.*

We sat down to discuss his interest in conflict management, his plans for developing Buzzacott's Learning and Development provision, how he has enjoyed his time at Buzzacott so far, and to learn a little more about him.

#### **Tell us about your pre-Buzzacott career?**

I started my career as a qualified and practising lawyer in a law firm doing civil litigation work, and so very early on, I was exposed to conflict environments and methods for managing them. After four years at the firm, I decided I wanted to do something new and spread my wings. So I took a commission in the British Army as a legal officer. During my 18 years in service, I was deployed to Bosnia, Kosovo, Macedonia, Afghanistan and Libya as a combatant and legal advisor to British personnel.

While serving I retrained as an executive coach and set up coaching and mediation programmes for troops and

international staff in Afghanistan. After two further years as an operational legal advisor to the NATO Supreme Headquarters in Belgium, I left the army and worked with organisations in the UK and abroad as a management consultant. I did that for a few years, which brought me here – to Buzzacott.

#### **What drew you to Buzzacott?**

I was impressed with Buzzacott's values first and foremost, and that it has a great balance between its corporate clients and interests, but also with the third sector. For me that was important; that it had those values and was keen to promote them.

#### **You have a strong background in conflict management; can conflict ever be a positive for businesses?**

Yes, absolutely. Recruiting people who are different, have different skills, are from diverse backgrounds and have different perspectives is very important to ensure that your thinking is not linear. If handled and harnessed properly, it will give your organisation a competitive edge.

#### **What is your advice for anyone managing conflict in the workplace?**

If you find yourself in a conflict situation, step back, pause, take a deep breath and listen to what the other person is telling you. Don't make assumptions about their intentions. Once you have actively listened to what that other person has said and acknowledged that you've heard them, a more constructive conversation can naturally take place. You'll find you get to the problem far more quickly than by adopting the combat mentality that we naturally gravitate towards.

*“Once you have actively listened to what that other person has said and acknowledged that you've heard them, a more constructive conversation can naturally take place. You'll find you get to the problem far more quickly than by adopting the combat mentality that we naturally gravitate towards.”*

#### **Workplaces are notorious for being places packed with conflict and yet so many of us are afraid of it? Why?**

I think that sometimes we are afraid of it because there are competing interests going on within our own minds. We don't want to be seen to be making a fuss, but against that there is that innate fear that our self-esteem is being attacked and that we need to stick up for ourselves. An organisation's culture doesn't always help either. Where creating conflict is acceptable behaviour or not going to be taken seriously, that's when I think people will naturally react badly to dealing with conflict as they won't feel they are in a supportive environment to tackle it. That shouldn't be the case. Many organisations overlook options like coaching and mediation, and automatically jump to procedures in the form of discipline and grievances. These 'solutions' don't restore relationships – they usually result in at least one unhappy party, and cost the company a lot in time and resources.

#### **What are your hopes for Buzzacott's wider HR Consulting?**

If you consider my career as a lawyer, a mediator, a coach and my military experience – the common thread is conflict. I have an innate understanding of conflict from its most benign to its most aggressive. However, my interests are a lot wider. My passion is to drive L&D forward in its broader sense and for organisations to experience the benefits it can bring. I want to expand our L&D offering so that Buzzacott can become the go-to HR and L&D consultancy. I am looking forward to delivering on that.



# Our clients are what make our job interesting

## GET IN TOUCH

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*Clients approach us from diverse backgrounds with an assortment of challenges that are not always financial. It's easy to assume that we only deal with numbers, but the relationships we form with our clients are about much, much more; we share a lot of common ground with them too! The work of our Expatriate Tax Services team exemplifies this. Specialising in US/UK tax systems, many members of the team have walked the same path as the clients they serve. On a day-to-day basis they draw on their own expat experiences to advise our clients on the complexities that can come with living abroad. Here, Scott Barber, Carlo Gray and Allan Wilkinson share their experiences.*

### Going and staying...Scott Barber

I have been involved with cross-border personal tax matters throughout my career, and in 1996, an opportunity arose to transfer from Atlanta to Frankfurt for a two-year assignment with a Big Six firm. This allowed me to expand my professional knowledge and learn firsthand what it was like to be an expat. I had taken two years of German in high school. My firm also arranged further language lessons at the Goethe-Institut.

I was single at the time and had no dependents, which in some ways made it easier to move. I still had to go through the process of moving; including deciding which personal possessions to take with me and which to put into long-term storage. To save money on shipping, the firm paid to put most of my furniture in storage and gave me an allowance to furnish my apartment. This involved my first ever trip to IKEA!

I was fortunate that I had already met some of my German colleagues at conferences in the US and had spoken with a few regularly on the telephone for several years. There were also a number of other American expats in the office; some on assignments similar to mine, a few on long-term localised employment arrangements. In terms of adapting to new circumstances, it certainly is helpful that an ongoing employment role provides a familiar grounding.

*“This allowed me to expand my professional knowledge and learn firsthand what it was like to be an expat.”*

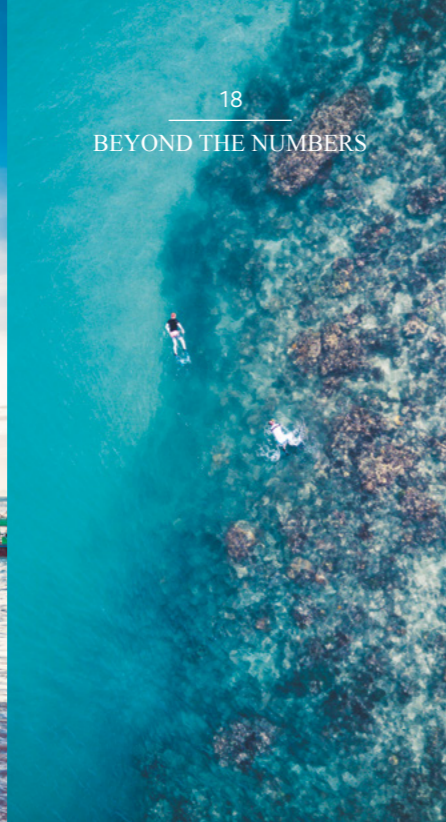
As an international city, Frankfurt was reasonably easy to settle in. The transport links also provided a great opportunity to visit other parts of Germany and the rest of Europe. That said, it was a very different city from Atlanta and, because of the emphasis on financial services, it could sometimes have the feel of a “company town”.

At the end of my two-year assignment, I decided I didn't want to go back to Atlanta, and agreed a transfer from the Frankfurt office to London with the same firm. As an expat, London was a very different experience. As London is much larger than Frankfurt, choosing where to live was a big decision for me. The London office itself was also much bigger and correspondingly harder to get to know.

In my mind, I expected to be in London for two to three years. I then met my wife Helen, who is a Brit, at a party in Kensington. The rest, as they say, is history.







**Going and coming back...Carlo Gray**

Having spent my career helping individuals move to new countries, I am used to hearing from my clients about their amazing experiences of expat life abroad. Coupled with my passion for travelling, I was keen to put into practice what I preached. So when the opportunity arose in 2013 of going on assignment to Hong Kong to set up Buzzacott's first overseas office arose, I jumped at it!

I made the rather bold decision to move to Hong Kong four months before my family so that I could get settled and focus on starting the business. Although it was tough at times being away from them, I kept myself busy with work, meeting new people and exploring the delights of a great city! As a result, those first few months went by very quickly.

By the time my wife and children arrived in August 2014, along with 70 boxes of belongings, I had found my bearings and had secured a lovely flat for us to live in on Hong Kong's Gold Coast close to where my children were to attend school. My children had previously lived in a quiet village in Surrey so were quite taken aback by the busy swarms of people on the streets, but they soon found their feet. They went to a British international school where half of the children were expats and half were Hong Kong Chinese.

*“I am used to hearing from my clients about their amazing experiences of expat life abroad.”*

There were 1,200 boys and girls ranging from the age of 3 to 18. Although the school followed an English curriculum,

it was compulsory for pupils to learn Mandarin for three hours a week. Despite it not being their favourite subject, my children picked up the language quickly and became rather good at it. My wife became involved with the PTA at the school and was on various committees, which meant that she met a lot of parents who became close friends. Hong Kong soon became a home away from home.

Over the following three years, we lived a great expat life. We travelled to many places in Asia such as Thailand, Vietnam, the Philippines, Singapore, Borneo, to name a few – places that are otherwise more challenging to get to from the UK. We had lots of visitors from the UK too – family, friends and work colleagues.

We returned to the UK in July 2017 with heavy hearts (and this time with 140 boxes of belongings!), very happy memories and an incredibly rewarding experience under our belts. We rented out our home while we were in Hong Kong (coincidentally to another expat family) so are looking forward to moving back in and immersing ourselves in the local community again. The children are starting at a new school. To their delight, Mandarin isn't on the curriculum but with over a billion people in the world speaking it, I am keen for them to continue learning it. It helped that we moved back in the British summer and had the long evenings (sunset in Hong Kong is at 6.30pm at the latest) but with winter around the corner, I will definitely miss the warm weather in Hong Kong. I mistimed my relocation though, as the Waterloo upgrade meant that my trains were either been delayed or cancelled. That wouldn't happen in Hong Kong. The transport system there is incredibly efficient, clean, air-conditioned and cheap!

Since we've been back, we've kept in touch with our friends in Hong Kong and look forward to visiting again soon. As someone once said to me, you can leave Hong Kong, but Hong Kong never leaves you...

**Going for the first time...Allan Wilkinson**

When I put myself forward for a two- to three-year assignment in Hong Kong, my career in London was going well but I felt the need for change, both in my career and my personal life. An overseas assignment offered complete change on both sides but with the protection of an employer with which I have a strong and trusting relationship, and the added bonus of regular contact with a familiar and supportive team back home.

*“I was fully aware of how badly things can go wrong. Cultural differences, for example, can sometimes present seemingly insurmountable barriers to you achieving your goals if they are not recognised and addressed appropriately.”*

Having been on overseas assignments in exotic locations before (Japan for 18 months and India for six weeks), I was fully aware of how badly things can go wrong. Cultural differences, for example, can sometimes present seemingly insurmountable barriers to you achieving your goals if they are not recognised and addressed appropriately. However, I was also aware of the positive and life-changing experiences on offer to those who dare to take the risk.

Being single, it was easy to move at relatively short notice. Some aspects of the move did not go as smoothly as hoped but I was lucky enough to have the support of a HR team and colleagues back in London. On arrival, there were also the everyday challenges of dealing with jet lag, an unfamiliar climate and a very different diet from the British one which my body was used to. These things can combine to make you feel very unsettled in your first few weeks in a new location and some people will adjust more quickly than others. It is important to make sure you give your body plenty of time to rest and recover while you adjust.

As is often the case with international assignments, my opportunity to move to Hong Kong came with an important strategic role. This is a privileged position to be in so now my principal challenge is making a success of the project I have been entrusted with. I have some feelings of trepidation about that, but an open mind as to how I will achieve the objectives I have been set and meet the expectations of my colleagues both here in Hong Kong and back in London.

My advice to others about to embark on an overseas assignment is to be ambitious but realistic about what you can achieve and be aware of the expectations others have of you in your new role. Be prepared to change your way of thinking and doing things to be as effective as possible in your new environment, and be sensitive to cultural differences. Embrace them and don't let them become barriers to your success. Above all, enjoy the wealth of new challenges and experiences on offer. They will change your life.



# Billon graduates from the sandbox with flying colours

*Robert Kaluza, Chief Operating Officer at Billon – a fast-growing fintech firm – explains how the Financial Conduct Authority sandbox programme has been integral to the company's growth this year.*

## GET IN TOUCH

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If you would like to contact Billon direct to see how it can support and improve your existing payment approach, please contact Robert Kaluza: robert.kaluza@billon.info

The equation is simple enough. The success of Old Street's Silicon Roundabout has perhaps been the most exciting story to emerge from UK business in the past decade. London would clearly like to be the European hub for fintech start-ups, competing against Paris and Berlin in Western Europe, Stockholm in the North and Warsaw in the East.

This has posed a challenge to the regulators at the Financial Conduct Authority (FCA) who need to maintain high standards with space for fintech firms to run the trials they need while minimising the errors.

FCA Innovate was launched in October 2014 with its regulatory sandbox the most innovate feature. This provides support for innovative firms that are ready to test their innovation and be treated as if they are regulated firms. So far nearly 200 firms through three cohorts have applied to enter the sandbox.

*“Billon is aiming to transform a niche part of the payments industry.”*

Billon is a perfect example of an organisation which has benefited from this opportunity. It is aiming to transform a niche part of the payments industry. It is focused on distributed ledger technology enabling micropayments to be made which were previously unprofitable to process.

Robert Kaluza, the restless COO, is rightly proud it has just inked a second deal with Philip Morris, the cigarettes group, which brings distributed ledger tech to life. The technology enables clients to pay instant rewards and incentives – often very small individual amounts – to large numbers of suppliers, distributors and retailers who meet their targets.

Kaluza says, “Last week we paid £40,000 to 480 Philip Morris associates as part of their Polish incentives payments.” These people may have been drivers who hit targets for deliveries or shop assistants who guided customers to pick one brand over another. It is a system designed to nudge behaviours and reward, with rapid incentives, those who support the business.

This week the firm has signed a trial with the British arm of Philip Morris to provide incentive payments to 200 people. If it goes well, the pilot will be extended to 14,000 people thereafter. Incentives this quarter may evolve into other niche markets. The business is examining how its technology can provide a payments system for the fledgling e-sports market.



Underpinning its growth and success is a rigorous and robust platform, signed off by the FCA. Hence the importance of passing through the FCA sandbox initiative. Kaluza acknowledges the importance of working with the FCA programme and highlights the accounting and advisory support provided by Buzzacott.

"The FCA was very helpful. Having an individual who was responsible as our fixer for handling issues was excellent. So, what might normally be a nine-month regulatory process only took six weeks."

Priya Mehta is a Director on the Buzzacott Financial Services team. "Sandbox is a clever initiative designed to provide a testing platform for business models to see how they would cope in the real market." She says what particularly makes it stand out is the advice it gives on regulation and which facets of their business need to be particularly robust from a compliance perspective.

*"Sandbox is a clever initiative designed to provide a testing platform for business models to see how they would cope in the real market."*

The FCA applies strict criteria as to companies it takes on. For instance, the product or service must be focused on the UK market; be able to highlight its point of innovation; be ready for testing; and be financially robust with contracted funders in place and identified. Businesses that go through the process must have a UK

presence and local employees, fuelling and improving the fintech landscape domestically.

Billon may have its centre of gravity in Warsaw where most its staff are located, but its growing team in London Moorgate is indicative of a fintech success story in the making, aligning its future with this regulatory robust second home.

The core to the success is the support provided by the FCA on testing. So, when companies enter the process, they can trial their product and service without the threat of regulatory action being taken against them if something goes awry.

It is an attractive proposition, with the number of firms wanting to access the programme far outreaching the numbers that are accepted. Cohort One had 69 applications and ultimately 18 were authorised; Cohort Two received 77 applications and 24 are currently being tested. Cohort Three has just closed the door on its application process.

Priya says this has provided an exciting stream of new opportunities for Buzzacott to advise on. She says, "We are focused on assisting firms that are already authorised, to keep their ongoing compliance in good clean order. Lawyers and compliance consultants are better placed to do the work at application stage and we are better suited to support them once the process is complete."

The future looks equally bright for Billon. Our specialist research & development tax credits team is also helping the company to claim tax relief based on the innovative technology that it is developing. It is also set to launch a further significant funding round. To date, the business has relied on £4m of angel funds from various entrepreneurs and is now poised to go to the next level.

## ASK AL

*We're always keen to keep in touch with our alumni wherever their journey takes them. In this edition of Beyond the Numbers, we speak with Victoria Heeley to find out how her career has progressed since leaving the firm. Having completed her accounting qualification with us in 2006, Victoria is now enjoying life as a school bursar. How did Buzzacott help her get to where she is today?*

### **Where do you work today?**

I am fortunate to be Bursar and Clerk to the Governors at Sarum Hall School in North West London. I have been here for a year where we look after 180 girls between the ages of 3 and 11.

Life in a school is a really interesting place to be. There is a huge volume of activity going on. The finances must support the direction of the school and its ambition. The bursar is the person inside a school responsible for financial and operational matters.

### **What do you remember about your time at Buzzacott?**

Buzzacott was a really good place to start at the beginning of my career. I was there for three years to become qualified, and I progressed from a junior to a senior, working with a variety of Managers and Partners.

It was a great team. The fact that everyone is in one building feeds the collegiate spirit; the one-office firm can deliver continuity.

### **What did you do between qualifying in 2006 and joining Sarum Hall School in 2016?**

The grounding I got at Buzzacott was excellent. An accountancy qualification is a wonderful start. From Buzzacott I moved into banking for ten years. Primarily at Lehman Brothers, then some time in Australia before moving to Barclays Capital. But after ten years of working inside banks, I decided to become a bursar.

### **How did Buzzacott lead you there?**

During my time at Buzzacott I did some audit work for schools. Specifically, I was part of the Charity & Not-for-Profit team, working for one client who ran a number of independent schools. When I was there as part of the audit team, I became really interested in and fascinated by the role played by finance in schools and decided it was something I wanted to do. I can remember being on the audit all those years ago and thinking this is something I want to do more of.

### **What was particularly inspiring about your time at Buzzacott?**

Buzzacott has always taken diversity seriously and it was great to see the women progress in the firm. For instance, when I was there Katharine Patel went from being a Manager to a Partner. I can remember feeling inspired by watching her progression. It is great for young members of the team to see that happen and see a path has been opened for others to go down.

### **Do you maintain links with Buzzacott today?**

Buzzacott alumni do a good job of maintaining links. There is an annual event and there are individual networks and relationships. I still have some good friends who I made at Buzzacott. For instance, I am still good friends with Catherine Biscoe, a Partner, and Hugh Swainson, now a Director.

### **What advice would you give to those at the start of their Buzzacott careers?**

Take every opportunity you get. It is such a fabulous grounding for any future career. Ten years on, I have come full circle and am now on what we'd describe as the client side. You can draw on everything you learn and take it all the way through your career, so make the most of it.



## FRESH TALENT

*Nearly 2,000 trainees have come through Buzzacott's doors since we were designated a training firm by the Institute of Chartered Accountants in England and Wales in 1983.*

Wood Street welcomes new talent twice a year, and this year we have been joined by 31 new trainees.

We spoke to three of them to find out how they're getting on: Sarah Prothero, Tax Consultant in the Private Clients team; Mark McAnerney, Tax Consultant in the Expatriate Tax Services team; and Ben Beach, Audit Assistant in the Charity & Not-for-Profit team.

Sarah, Mark and Ben have come to Buzzacott from very different places. Sarah decided to switch paths from a Maths PGCE. Mark had been working in equity derivatives on the trading desk, and Ben has joined us from an English Literature degree.

### **So, what drew them into accountancy?**

#### **Mark**

A few of my friends are in tax and they'd told me it's quite a dynamic role. The rules and regulations in the industry are constantly changing, which makes the work more challenging – I found that appealing.

#### **Ben**

My grandfather was an accountant and it gave him the skills to really succeed in his later executive positions. He ended up being the chairman of a successful company, so having witnessed that I thought it was a good career path.

#### **Sarah**

It just seemed like a natural path for me, especially because I did a maths degree. I've always been interested in businesses and how they operate, so accountancy seemed like a good fit.

### **Buzzacott's recruitment process was a better experience for these trainees than that of other firms...**

#### **Sarah**

Compared to other jobs I applied for, the recruitment process was shorter and more relaxed. When I was made an offer, Maurice (one of the Partners) and Alison (a Director) took the time to answer some doubts I had. That was the deciding factor for me.

#### **Ben**

I had to do a few tests, a case study review and then an interview – it was straightforward. I found that with other firms the process was rigid and didn't give you the opportunity to show your value. Other firms cared less about you as an individual – it was all groupwork where everyone was fighting for the spotlight.

### **But how is the experience of being at Buzzacott living up to their expectations?**

#### **Mark**

I thought it would revolve around the numbers, but I've been surprised by how client facing the role is. You need to be good with people as well as having excellent attention to detail.

#### **Sarah**

I had expected it to be quite repetitive, but I get to work with a range of clients and even go offsite to meet them. The office is sociable too – I didn't expect that. Every time I speak to a Manager or Partner, they're happy to have a chat.

#### **Ben**

The exams have been trickier than I expected but passing them has felt very good!

#### **Sarah**

I like that we're in one office – I feel like I could talk to anyone and not be turned away.

#### **Ben**

My friend works for another firm and I've met his colleagues – they aren't as nice. Everyone is very bright and invested both in the work they do and the work of their clients.

### **The client exposure that Buzzacott trainees are often able to gain early on had been a highlight for all, as has been the range of project work.**

#### **Sarah**

I spend most of my time working on one client case at a time, but throughout the day the Managers give you odd tasks for different clients, so my role is quite diverse. Yesterday, I was speaking to HMRC and then later on sitting in on a client call.

#### **Mark**

I'm usually the first point of contact for our expat clients. So most of my time is spent managing their tax returns and consulting them on other matters.

#### **Ben**

Working at a client's site is always fun.

#### **Sarah**

I helped a tax investigation case that one of our clients was involved in. It was really interesting to hear about the case and what we were doing for them.

#### **Ben**

Everyone I know likes working with social enterprises and livery companies. They're really interesting.

Without our trainees, Buzzacott wouldn't be the bustling and successful firm that it is today. We've made it our personal mission to train graduates and pass on our specialist knowledge to ensure that for many years to come we continue to provide specialist expertise to the sectors we're committed to serving.

*“The office is sociable too – I didn't expect that. Every time I speak to a Manager or Partner, they're happy to have a chat.”*

#### **GET IN TOUCH**

For more information on the latest vacancies at Buzzacott, please visit: <http://www.buzzacott.co.uk/join-us>

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## A FOND FAREWELL

*Please join us in thanking Richard Cobbold for all he has done for the firm and in wishing him well for the future.*

*When Richard Cobbold joined Buzzacott in 1998, he was one of just five staff members in the Financial Planning team. While known for his love of fitness and his dog Doodle (aka Big Poodle), over the past 20 years Richard has contributed tremendously to Buzzacott's growth and success and has been a highly valued asset to the firm.*

*As his retirement approaches, Richard shares some of the highlights from his time at Buzzacott.*

**You joined Buzzacott in July 1998 having been a Partner at your old firm. Why did you make the move to Buzzacott?**

When I first came to Buzzacott, it was a small firm with plenty of opportunities.

**What has been your proudest achievement?**

Within my own team and the wider firm, I have witnessed incredible growth and many successes. To say that I have been a part of that success makes me very proud.

*“I took the initiative to set up the Investment Management service within the Financial Planning team. Many of our clients have found it invaluable, so creating that solution is my proudest achievement.”*

Some years ago, we recognised that our clients were increasingly looking for the option of having their investment and financial planning advice joined up as part of one overall service. As a result, I took the initiative to set up the Investment Management service within the Financial Planning team. Many of our clients have found it invaluable, so creating that solution is my proudest achievement.

**What is your fondest memory?**

Fondest? Funnily enough, my weirdest one comes to mind. I used to visit an elderly client of mine and on one occasion, her fridge had broken down. Upon my arrival, she assumed I was the technician and set me to work fixing it. Two minutes later, the real fridge technician turned up – he wasn't too happy with me!

**What will you miss most?**

Definitely not the admin or reporting! I'll miss my client meetings and the relationships I've forged most; I've known some of my clients for almost 20 years and when we meet it's just like having a chat with old friends. I'll definitely keep in touch with them after I leave. It will be very strange not coming into work every day and seeing my team, but I'm definitely planning to show my face at Buzzacott alumni events.

**What's next?**

I've just bought a motorhome and plan to travel around with my dogs in tow. My wife is Canadian, so we're planning to live part of the year in Vancouver and may even venture up to the base camp of Everest at some stage.

**As a former Team Leader, what advice would you give to others?**

Always work hard and don't take yourself too seriously.

## Directory

### About us

People trust Buzzacott. We blend pragmatism with the insightful knowledge of an industry leader, driven by attention to detail. We're big enough to display deep knowledge over a broad range of specialisms and small enough to understand the power of personal connections.

The values we identify with, the consistency of our advice and our ability to tailor-make solutions mean Buzzacott can be trusted to do the right thing.

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