

Be wary of London becoming uncompetitive



CITY COMMENT
NICK ANSTEE

As a representative of the UK financial and professional services industries, overseas visits are a key part of my job, not only to encourage foreign firms to invest in UK plc but also to help our global partners create environments

in which UK-based firms are willing and able to invest and prosper.

Last week I was in South Africa, a dynamic and challenging business environment that is also one of the UK's key trading partners.

The close relationship between our two countries received a major boost last month when President Zuma brought a business delegation of 12 ministers and 216 firms to the Guildhall and Drapers' Hall.

My return visit reinforced this momentum, providing further opportunities to discuss important issues such as infrastructure, public private partnerships, skills and legal access with President Zuma and others.

A lot of my time in South Africa

was therefore spent praising the virtues of open markets and highlighting the advantages – increased investment, employment and skill levels, not to mention an enhanced global reputation – of working alongside, and having increased access to, top international firms and their top employees.

Meanwhile, as of April, London will become one of the most expensive financial centres in the world for high earners to live and work.

I fully understand that, with a general election just around the corner, no politician can afford to be perceived as favouring the financial services industry at the moment.

There were also a number of wel-

come announcements in this year's Budget such as the guarantee that, if a tax on banks is imposed, it will only proceed as part of an international consensus. However, we must bear in mind that public comments designed to appeal to the UK electorate may play less well with the increasingly mobile international business community.

As the Chancellor acknowledged, the financial services industry has a vital role to play in driving the UK economy towards recovery and one of the industry's major strengths has always been its long-standing history of welcoming the world's top talent, and hence the highest earners, with open arms.

Unfortunately, we are now in a position where high earners, including financial sector workers, are being targeted through taxes such as the higher rate of income tax and the increase in stamp duty on homes costing more than £1m.

This has led to fears that London is losing ground to other financial centres as the centre of choice for the biggest firms and their top performing employees.

Regardless of who forms our next government, the City's message will remain the same – we need a stable and predictable tax regime that ensures we remain competitive.

Nick Anstee is Lord Mayor of the City of London

Accountants hit by sharp rise in claims

PROFESSIONAL SERVICES

By EMMA SADOWSKI

PROFESSIONAL negligence claims taken out against accountants in the High Court significantly jumped last year as a result of the global recession.

The High Court heard 13 professional negligence claims taken against accountants in 2009, according to data published by law firm Reynolds Porter Chamberlain (RPC).

The number marks a sharp increase from the previous four years, when only four claims were made.

Failing to spot fraudulent behaviour, overvaluing a company's assets and missold schemes to mitigate capital gains tax were listed as some of the claims facing accountancy firms.

"The legal claims landscape for accountants has been relatively benign for the last few years," said RPC partner Jane Howard. "What is still hard to tell is whether this sudden rise in claims will subside quickly or whether accountants will face a higher number of claims over the

coming year."

She said that accountants sometimes face professional negligence claims from businesses and investors sitting on recession related losses because they have professional indemnity insurance to cover legal costs and any damages awarded by the judge if they lose.

The highest number of claims came during 2002, when the courts saw 37 negligence claims taken out against accountants, which followed the landmark failings of giants Enron and WorldCom.

The news comes weeks after accountancy firm Ernst & Young (E&Y) was singled out in a US court appointed report on the Lehman Brothers crash.

The 2,200 page report issued by Anton Valukas, which was appointed as auditor of the bank, did not meet professional standards after reviewing the bank's value of the Repo 105 transactions.

Regulators have subsequently asked E&Y to hand over any auditing documents in relation to Lehman Brothers and E&Y have complied.

BEST OF THE BROKERS

ANALYSIS | Ted Baker



TED BAKER

Numis Securities are positive about the outlook for the retail group given the tough trading conditions in the downturn. Factoring-in a marginally better outlook for US retail and UK wholesale through 2010, Numis has raised its January forecast by £0.5m to £22.8m. Numis has issued a "hold" recommendation for now.

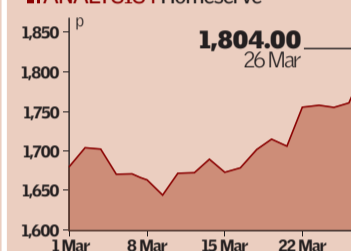
ANALYSIS | Compass Group



COMPASS GROUP

Numis Securities rates Compass Group "buy" citing strong management, attractive structural growth prospects, gearing into economic recovery, a strong balance sheet and free cash flow generation. The food service group head, Richard Cousins, said the company had made good progress but there was still room for improvement.

ANALYSIS | Homeserve



HOMESERVE

Homeserve, the home emergency and repair service, is continuing to perform well both in the UK and internationally, according to broker Seymour Pierce. The broker has stuck with its "outperform" recommendation and says the shares remain undervalued given the group's strong growth potential.

To appear in Best of the Brokers email your research to notes@cityam.com

Bovey's failed business now up for sale

PROPERTY

IMAGINE Homes, the property business owned by Anthea Turner's husband Grant Bovey is to be put up for sale by administrators Deloitte.

It is Bovey's ninth failed business and adds to the long list of embarrassments for the celebrity couple.

Imagine Homes bought properties from developers and sold them on to investors with supposed guaranteed

rental income.

The business ran into trouble after house sales and mortgage lending rates collapsed during the downturn. It is now in the hands of HBOS who lent Bovey 13m to run the company.

The business has been valued at £100m although results show it recorded a loss of £6.5m in 2009.

Bovey remains a consultant with no financial stake at the business.

Six months ago when he was ques-

tioned about the financial state of Imagine, he said: "I am sitting in our £5m chateau in Megeve in the Alps. I will sue anyone who says that Imagine Homes is in financial difficulty."

"We are 20 per cent owned by HBOS and we have huge profits that have yet to materialise."

He and his family live in a £6m Surrey home that was bought from radio presenter Chris Evans.

CITY MOVES | WHO'S SWITCHING JOBS

Edited by Victoria Bates



Principal Global Investors

The asset management firm has appointed Andrea Muller as chief executive of its east Asian operations and managing director for the Asia ex-Japan region, effective from tomorrow. Muller has over 23 years of experience with large multinational firms and was most recently the head of the Fitch ratings agency in the Asia Pacific region. Prior to that, she spent ten years at UBS in Paris and Singapore.

ArbreIM

Arbuthnot Real Estate Investment Management (ArbreIM) has hired Nick Winsley as an investment director for its core property fund.

Winsley is currently fund manager of the UBS secure income property fund, where he has worked in the real estate team since 2008. He also previously spent seven years working in agency, investment and

development at Colliers CRE.

LECC

The expert services and consultancy firm has appointed Mary Gavigan and Stephen Robertson-Dunn to its specialised insurance and reinsurance practice.

Gavigan who joins as a director, was formerly a director in the restructuring unit at accountancy firm KPMG. She has over 20 years of experience in advising businesses in the UK and internationally.

Robertson-Dunn has previously held positions at Lloyd's insurer Catlin, Aon and also at KPMG, where he worked as an actuarial analyst in both London and Sydney.

Field Fisher Waterhouse

Simeon Spencer is to join the law firm's employment and pensions group as a partner, specialising in European employment matters.

Spencer, whose practice includes advising on the employment aspects of mergers and acquisitions, IPO deals and outsourcing, has a particular focus on collective and individual redundancy disputes.

He joins from the New York office of Seyfarth Shaw, and has also previously been a partner heading up the European employment practice at Morgan Lewis.

Bryan Garnier

The growth company-focused invest-

ment bank has hired Sanj Mahal and Glenn Coltart to its research and sales teams in London.

Mahal joins from Mint Securities, where he was responsible for developing hedge fund sales and sales trading distribution capabilities. Prior to that, he was a portfolio manager at CQS and has also worked at Commerzbank Securities and Goldman Sachs as head of trading.

Coltart formerly worked at Troika Dialog as head of UK sales.

Houlihan Lokey

Investment bank Houlihan Lokey said Christopher Cerimele has joined the firm's Industrials Group as director and head of the Chemicals practice.