

**Tax-efficiency**  
Inside: Guide to your solutions  
in our *Year-end Planner*

# Private Word

Connections to enhance your lifestyle

Winter 2007

## INSIDE

**Bracing:** The new philosophy to disinherit the children of the wealthy

**Earning:** Where to invest in the \$500bn low-carbon market

**Hedging:** Funds with a reputation as "glamorous villains"

**Breathtaking:** Roaring round the pretty roads



**It needn't be taxing!**  
Make more of your money

# Archive

## Topics in previous issues

You may want to revisit items we've covered before. To access our archive, please log on to [www.CBOnline.co.uk](http://www.CBOnline.co.uk) and click on Personal>Private Banking>Private Word Publication to view the articles in each issue.



### Issue 1 Winter 04

- Are equities worth a look?
- How to buy your own company
- Make your child a millionaire
- Buying a holiday home abroad
- How to be an adventurer
- How to keep and protect it
- How to be a philanthropist



### Issue 2 Summer 05

- Where to look for yield
- Organise a mini float
- Build a portfolio career
- The right work-life balance
- In Person: Ashley Jackson
- Acquire that dream yacht
- Buy the best education
- Invest in your passion
- In Person: Robert Hiscox



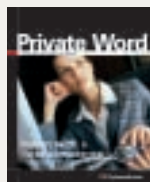
### Issue 3 Autumn 05

- Making property pay
- How to be an angel
- How to possess less
- Unravel your travel
- Plan your succession
- How to keep your name



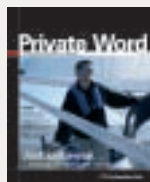
### Issue 4 Winter 05

- Get the most out of a SIPP
- Profit from private equity involvement
- Build your own piece of heaven
- Hit the executive fast track
- Masterclass: Charity Service
- Make the most of your Third Age



### Issue 5 Summer 06

- Blazing a banking trail
- Invest with a conscience
- The art of going global
- Masterclass: Enterprise Island
- Parting is such sweet sorrow
- Ways to revel in retirement
- If it comes to the worst
- Enjoy your hard-earned success



### Issue 6 Autumn 06

- How to make a great exit
- Packaging premium property
- Eastern promise in art
- Inheritance Tax: Harvest for the Grim Reaper?
- Masterclass: Bradley Photographic Designers
- Sail away – adventure plus challenge
- Golden rules for beating stress
- Eco-worriers: being a green citizen

# Foreword



## Time to review those tax efficiencies

Welcome to the first 2007 issue of *Private Word*, the lifestyle magazine for our Private members.

The approach of the April tax year-end means that this is an excellent time for members to take stock of personal and business finances – and, in particular, to make sure you're taking full advantage of your tax-efficient allowances.

With this in mind, we've prepared the *Private Word Year-end Planner* which you'll find at the back of this issue. It's full of timely information about tax-efficient allowances covering income, corporation and inheritance taxes. And there's a section on business tax strategies, as well as on pensions and savings.

Your Private Partner will be happy to arrange an appointment with one of our Financial Planning Partners who can advise you on all aspects of your wealth management – it's important, above all at this time, to make sure you're not missing out on any investment and tax-efficient allowances available to you.

And speaking of investments, this issue of *Private Word* examines two opportunities currently attracting a lot of attention – the astonishing growth of hedge funds, and some ways of profiting from the fight against global warming.

There's a briefing on vacation adventures that take you well away from the beaten track. And finally, we discuss a trend among America's super-rich to help their children to greater happiness – by passing on little or none of their wealth! Blame Bill Gates and Warren Buffet, if you like, but it's coming here, too!

And remember, your Private Partner will put you in touch with our team of experienced Financial Planning Partners to help you find the best way forward – and give you more time to enjoy what you've earned.

Good reading – and a happy and prosperous 2007.

A handwritten signature in black ink that reads "D Thorburn". The signature is written in a cursive, slightly stylized font.

David Thorburn, Chief Operating Officer, Clydesdale Bank

# Private

Expert  
Contributors



**Victoria Masterson** specialises in business and corporate affairs for *The Sunday Times*. She was that paper's Scottish Business Editor, and a business correspondent with *The Scotsman*.



**Jacqui Canham** is a freelance writer for *The Independent*, *The Telegraph*, *Investors Chronicle* and *Bloomberg Money*. She was formerly Deputy Editor of *The International*.



**Ida Maspero** is a freelance journalist and editor who writes on business and corporate affairs, wine, wildlife and conservation. She contributes to the Royal Botanic Garden Edinburgh's magazine *The Botanics*.



**Hazel Reid** is a freelance editor and writer with 30 years experience working for blue chip clients in industry, the public sector and financial services.



**Robin McKelvie** is a travel writer and photographer based in Edinburgh. He has spent the last decade visiting and writing about 73 countries for magazines and newspapers on four continents.



**Alison Bird** is co-editor of the award winning *Scottish Banker* magazine. She was the former wealth management columnist for *Scottish Business Insider*.

## Contents

05

### Heads up

Between them, our two sister banks, Clydesdale Bank and Yorkshire Bank, this year celebrated winning a handful of major awards. And each one makes a big difference to the busy lives of our customers.

## Getting it

06

### Hedge funds: "glamorous villains"

Little understood and lightly regulated, hedge funds have experienced astonishing growth. The number of funds has trebled since 2000. VICTORIA MASTERSON explains what's driving them.

10

### Going green: a \$500bn investment

That's what the world market in low-carbon technologies will be worth in 2050. So where should we invest to profit from the fight against global warming? JACQUI CANHAM investigates.

## "The hardest thing in the world to understand is income tax"

Albert Einstein. See our *Year-end Planner* enclosed at the back of this magazine.

# Word

## Living it

### 14 29: Glasgow's magic new number

A classy new private members club in the heart of the city uniquely blends top-notch service and a relaxed ambiance. IDA MASPERO savours the attractions.

### 20 Reach those far horizons

Try the week-long "mother of all train journeys", the epic Trans-Siberian. Or take to the air and fly a military MiG fighter over the Russian Motherland. These are among ROBIN McKELVIE's experiences off the beaten track.

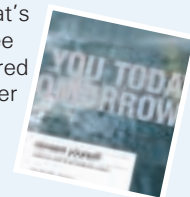
## Keeping it

### 24 Disinherit the kids

The trend among America's super-rich is to help their children to greater happiness by passing on little or none of their wealth. Blame Bill Gates and Warren Buffet, says ALISON BIRD, but it's coming here.

### 28 Read all about it

"An engaging look at how to become what you aren't". That's *Reinvent Yourself*, one of three titles, all essential reads, offered with exclusive discounts under our partnership with publishers Financial Times Prentice Hall.



*To help locate articles you may have missed, there's an index of the topics we've covered in previous issues on the inside front cover.*



## Masterclass

### 17 Truly breathtaking!

One pedigree racing car isn't enough for Andrew and Maggie Still. They want a fleet to fill a gap in the market for excitement off the circuit. HAZEL REID discovers what's roaring round the pretty roads of Perthshire.

# Heads up

## April 5 – act now and save money!

Make more of your money – and keep more of your money with a range of tax-efficient solutions designed to help your savings and investments grow.

There's not long left to make the most of your 2006-07 tax-efficient allowances before the current tax year ends on 5 April 2007. Each tax year, the Government gives you the opportunity to save up to £7,000, tax-efficiently in an ISA.

And there's a whole range of other tax-allowances available to you each year. So if you're not using your full allowances, you could be missing out.

### Tax-efficient investments

We have a wide range of tax-efficient savings and investment products. They'll help you make more of your money by keeping the full amount of interest or capital gains earned.

- With a MLC Stocks & Shares ISA, you could save up to £4,000 in a MLC Mini ISA or £7,000 in a MLC Maxi ISA.
- Our MLC Mini Cash ISA allows you to build your savings by up to £3,000 each tax year.
- If you add to or open your MLC Cash ISA or MLC Stocks & Shares ISA before 5 April 2007, you'll be able to take advantage of your 2006-07 tax-efficient savings allowance.

The value of an investment and any income from it may fall as well as rise, is not guaranteed, and you may not get back what you originally invested.

## Now's the time to plan and save

With the approach of the tax year-end, now's the ideal time to make sure you're taking advantage of any tax allowance that will benefit you.

Our specialist financial planning service can help you make the most of your tax allowances – and keep you up-to-date with the latest legislation.

Recent changes, for instance, mean there's never been a better time to review your pension arrangements. We'll give you professional advice on:

- maximising your pension allowance;
- reviewing your retirement plan;
- examining your property investment portfolio;
- analysing your inheritance tax planning strategy.

So call your Private Partner about a free financial planning consultation. The April 5 tax-year deadline is getting closer all the time – so talk to us today!

There are also fuller details in the *Private Word Year-end Planner* inside the back cover of this magazine.

The April tax year-end is getting close – remember to take full advantage of our tax-efficient allowances. Take a look at your *Year-end Planner* at the back of this magazine.

## Winning ways to say “Excellent!”

Between them, our two sister banks, Clydesdale Bank and Yorkshire Bank, this year celebrated winning a handful of major awards. And each one makes a big difference to the busy lives of our members.

### World title triumph

Our European call centre in Clydebank, Glasgow, which serves both Clydesdale and Yorkshire Bank customers, has been named world-wide Best Contact Centre of the Year in the prestigious Contact Centre World Awards held in Las Vegas.

To secure the award our centre beat-off finalists from Canada and India. It had already won through against more than 400 entrants in September to take the regional award covering Europe, the Middle East and Africa.

As a Private member, you have the benefit of direct access to your Private Partner. However, if

you do have occasion to contact our award-winning European call centre, you can be sure of an excellent reception and efficient service.

### Best mortgage lenders

Clydesdale Bank has been named “Best Mortgage Lender in Scotland” for the third year running by *Your Mortgage* magazine. And, with our sister Bank, Yorkshire, it also shares the title of “Best Offset Mortgage Lender”.

Paula John, editor of *Your Mortgage*, says: “It’s a tremendous achievement for Clydesdale. The judges were impressed by the Bank’s range of competitive mortgage offerings and advice it offers to customers in its home market.”

### Best for small business

Clydesdale Bank and its sister Yorkshire Bank have scooped top accolades as the UK’s best banks, according to the 2006 Forum of Private Business (FPB) in its leading survey of how small businesses view their banks.

Nick Goulding, FPB’s chief executive, comments: “Clydesdale and Yorkshire have again out-performed their competition in demonstrating high levels of performance in a wide range of key areas.”



l-r: Andrew Falconer, Head of Customer Service, Laura Harold, Senior Business Analyst and Kevin Page, Head of Contact Centres



**Victoria Masterson** specialises in business and corporate affairs for *The Sunday Times*. She was that paper's Scottish Business Editor, and a business correspondent with *The Scotsman*.

## Hedge funds, those “glamorous villains”

- Funds have almost trebled in six years
- How they bet to “reduce market volatility”
- Minimum entry investments can be high
- Pressures for more transparent regulation

**M**ost wanted: a stake in the world's best hedge funds. For an industry that is so little understood, so lightly regulated – and so regularly cast as the glamorous villain – the growth of hedge funds has been astonishing.

Assets under management have ballooned from US\$490 billion to US\$1.3 trillion since 2000, while the number of funds has almost trebled over the same period to more than 9,000.

The most powerful hedge fund managers regularly take home eight-figure pay packets and are typically characterised as swashbuckling mavericks who place huge bets, using borrowed money, in high-stakes casinos including capitalising on extreme price valuations in stock markets, interest rates, currencies and commodities.

They prefer to keep a low profile, but inevitably make a big splash. Billionaire US financier George Soros claimed arguably the most notorious exploit in 1992 when his Quantum hedge fund placed a US\$10 billion bet against Sterling, forcing Britain out of Europe's Exchange Rate Mechanism and

earning himself more than \$1bn in a day.

The industry's Hall of Infame also includes the spectacular collapse in 1998 of Long Term Capital Management, which had borrowed 25 times the value of its equity and rocked the banking system after making an US\$80 billion bad bet on European bonds.

However hedge funds cover a wide range of products and investment styles and hedge fund managers argue that legends like these have wrongly informed the popular belief that the industry is high-risk. “The reality is actually the complete opposite,” says Allan MacLeod, head of hedge funds at Edinburgh-based fund manager Martin Currie. “Traditionally the first people to invest in hedge funds were very wealthy families whose main aim in life was to protect their capital from the market. In fact, what most hedge funds aim to do is deliver much lower volatility or risk than long-only funds (traditional mutual funds which only invest in assets that are expected to increase in value). They aim to make a certain return, typically somewhere between 8% to 12%, and they will try to make that return



“Hedge funds are now an established feature of the European financial market and finding their way into the portfolios of affluent investors.”

Charles McCreevy, EC Commissioner for Internal Markets

year on year, whether the market is up or down or flat.”

The term “hedge”, from “hedging your bets”, derives from this aim of making money whether a market goes up or down and hinges on the hedge fund’s ability to bet on falling prices (going “short”), as well as “long” investments, which profit only if prices rise. Assuming your short works, and the price falls as you predicted, the profit you make on that covers your long shares if they aren’t doing well.

The proof of the pudding was during the 2000-2003 bear market, when conventional “long” investments lost as much as 40% of their value but hedge funds generally continued to produce positive results. Annualised compound returns over the last seven years have been around 7%, down from more than 18% in the 1990s.

But the promise of equity-style performance with bond-style protection has attracted a growing number of institutional investors, particularly pension funds, and helped push the industry into the mainstream.

“Hedge funds are now an established feature of the European financial market and finding their way into the portfolios of affluent investors,” said Charles McCreevy, EC Commissioner for Internal Markets, recently.

The Alternative Investment Management Association (AIMA), the trade body, believes hedge funds are suitable for high net worth investors who need a balanced but comprehensive investment portfolio and who can cope with risk.

However, some funds stipulate minimum investments which can be very high. Martin

## how we can help

- **If you’re thinking about investing, you’ll benefit from the guidance of your Private Partner to help with all aspects of personal wealth management. We’ll help you come up with creative and tailored solutions to make your money work harder for you.**
- **You’ll also find guidance on investing from our online library of independently-researched *Life Event Guides*. They can be downloaded at our website: [www.CBOnline.co.uk](http://www.CBOnline.co.uk).**
- **Please also take a look at the *Private Word Year-end Planner* at the back of this magazine. It’s full of timely reminders about tax-efficient allowances for managing your personal wealth and business finances.**





Currie's hedge funds, for example, are listed on the Dublin Stock Exchange and require a minimum investment of US\$100,000.

"An alternative route to investing is using a fund of hedge funds, which spreads the investment risk and usually has a lower investment minimum," says AIMA head of communications Gordon McAra. "Another route is direct investment in the fund. There are a number of funds quoted on the stock exchange, including Man Group, which is the largest quoted hedge fund in the world. But potential investors should speak to an experienced financial investment advisor before proceeding."

Fees are high – often 2% annually plus an extra fee for performance that beats pre-agreed targets. And getting your money out can also be a complicated process involving lengthy and staged notice periods, although many hedge funds do offer regular monthly subscriptions and redemptions. Simon Hopkins, chief executive of Fortune Group, the London-based hedge fund specialist, recommends investing through 'managed account platforms' which offer instant liquidity and circumvent many of the industry's onerous rules.

Hedge funds are based offshore because the practices of shorting and leveraging (using borrowed money to place bets) are not permitted to regulated, onshore funds.

In the UK, the Financial Services Authority regularly monitors the top 20 companies for risk and other factors but has come under increasing pressure to improve the industry's transparency and control. But Hopkins believes it may go the other way.

## useful contacts

- Martin Currie  
T: +44 (0)131 229 5252  
W: [www.martincurrie.com](http://www.martincurrie.com)
- The Alternative Investment Management Association (AIMA)  
T: +44 (0)20 7659 9919  
W: [www.aima.org](http://www.aima.org)
- Fortune Group  
T: +44 (0)207 355 2000  
W: [www.fortune.co.uk](http://www.fortune.co.uk)



"The UK has to tread very carefully because it doesn't want to frighten the industry away," he says. "It's a very, very big business and it's actually ridiculous that you could go out and buy a mining stock that owns assets in Angola or a shell company with oil concessions in Algeria or a tech fund loaded with the riskiest pre-IPO (initial public offering) investments, but you can't buy a hedge fund. That's going to change."

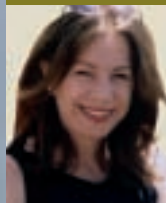
Gordon McAra at AIMA concludes that investors should stick to what they know best – keeping their wits about them.

"As Kipling said, 'I keep six honest serving-men: (They taught me all I knew); Their names are What and Why and When and How and Where and Who'. A useful check list when investing!"



# \$500bn

That's what the world market in low-carbon technologies will be worth by 2050. So, where should we invest to profit from the fight against global warming? JACQUI CANHAM investigates.



Jacqui Canham is a freelance writer for *The Independent*, *The Telegraph*, *Investors Chronicle* and *Bloomberg Money*. She was formerly Deputy Editor of *The International*, a Financial Times magazine for expatriates.

- Low carbon markets “worth \$500bn”
- “Bullish” prospects in new energies
- Spread risks with managed portfolios
- The role of Venture Capital Trusts

You're keen to invest in companies for profit. But you're worried about damaging the health of our planet. If that's your dilemma, you're one of the thousands of investors expected to move into green ventures after the recent Treasury report from Sir Nicholas Stern.

It looked at the economic impact of climate change, and recommended significant investment in technology to fight global warming. It estimated that markets for low-carbon technologies will be worth at least US\$500bn by 2050 if the world acts on the scale required.

What all this means for investors is that companies involved in environmental ventures – alternative energy such as solar and wind power, green transport (biofuels and biodiesel), sustainable living, waste and water management – are extremely well placed for a productive future.

In the transport sector, green pressures from high fuel costs and congestion charges are squeezing users of roads. But investors are also exploiting the trend by backing companies like Clean Air Power which uses technology to convert heavy diesel engines into dual-fuel engines, or



### useful information

- Download the Stern Review:  
[www.sternreview.org.uk](http://www.sternreview.org.uk).



Maxwell which supplies equipment to increase engine and battery efficiency.

Other players such as Trading Emissions, one of the largest carbon market groups, and Climate Exchange are also finding their way into investment funds as they tap into the potential of a low carbon economy. And in technology, companies such as Oxford Catalyst and ITM Power are developing fuel cells from hydrogen and oxygen.

“One way or another, demand for alternative energy will soar and the successful companies in this sector stand to make a mint,” predicts Justin Modray, investment advisor at Best Invest. “There’s also bound to be increasing government subsidy in

this area, another reason to be bullish.”

Waste and water markets, too, stand to reap rewards as the demand for energy-efficient goods and services such as insulation, hydraulics, metering and data management grows relentlessly.

A lot of this sounds promising on paper. But it’s also highly risky. For a start, many emerging “green” companies are relatively small and have not had time to establish their credentials. Often, the technologies may be more promising than the business acumen in exploiting them.

And the fortunes of environmentally-related companies can be volatile. Modray warns, for example, that alternative energy companies are dependent on high oil prices to remain attractive: if oil prices fall, they’ll be hit short term.

A good way to gain exposure to companies like these is through investment funds. They spread your risk by diversifying your investment over lots of companies. There are plenty of environmental funds available for individuals from managers such as F&C, Jupiter and Merrill Lynch.

“This year we’ve seen higher flows into the

“Demand for alternative energy will soar and the successful companies in this sector will make a mint.”

**Justin Modray, investment advisor, Best Invest**

Jupiter Ecology Fund on the back of strong performance and a growing interest in investing in environmental solutions,” says Emma Howard Boyd, head of socially responsible investment at Jupiter. “The Stern Review only adds to the sense of urgency for tackling climate change, and green investment has an important part to play in financing technological solutions.”

Another way to access new companies active in environmentally friendly fields is through venture capital trusts (VCT). They are useful for some investors because you get 30% income tax relief if you hold the trust for at least five years to qualify.

Many VCTs invest in the forestry industry. Tax breaks for private investment into forestry were introduced in the 1980s as a green incentive to develop the planting and maintaining of woodland. There is no income tax or capital gains tax to pay on timber, unless used for certain commercial projects such as the sale of Christmas trees.

The underlying growth of the trees (in terms of volume) is traditionally reckoned to be in the region of 5% to 6% per annum. But values are linked partly to timber prices which are quite volatile so this must certainly be seen as a long-term investment.

Foresight Venture Partners has a VCT, Foresight 2 C Shares, which plans to invest a significant amount into sustainable development, clean energy and environmental technology. And Ventus has several VCTs investing in renewable energy sources, predominantly wind farms.

These VCTs, however, are regarded as higher

risk investments and investors should seek advice before buying into them. Environmental and ethical funds, too, can be rocked by volatility as they often focus on smaller companies and new technologies. Analysts recommend you should leave your money where it is for the long term – at least 10-15 years – to help smooth out any rollercoaster effect.

## how we can help

- **Your Private Partner can help you take advantage of our select group of leading investment management companies to get the best from your own investment portfolio.**
- **Whether you're saving, investing or borrowing, you'll benefit from fast decision-making by our integrated team. And you have quick and easy access to personal, business and other specialist financial services. You are in control – and we can help make your money work harder for you.**
- **You'll also find useful information about tax-efficient allowances for managing your personal wealth and business finances in our *Year-end Planner* at the back of the magazine.**





**Ida Maspero** is a freelance journalist and editor who writes on subjects as diverse as business and corporate affairs, wine, wildlife and conservation. She is a regular contributor to the Royal Botanic Garden Edinburgh's magazine *The Botanics*, of which she was previously the editor.



The Oyster Bar



The Catwalk

29

## Glasgow's magic new number

A classy new private members club in the heart of Glasgow uniquely blends top-notch service and a relaxed ambience. IDA MASPERO visits "29", the 2006 winner of Scotland's Most Stylish Venue accolade.

**W**here else can you order a solitaire diamond ring in your partner's champagne cocktail, present to your clients on a big screen, slurp oysters with your Guinness, stop off for a facial, dine on the finest Scottish beef and then dance the night away in a private nightclub complete with illuminated catwalk?

Answer: 29. It's Glasgow's newest private members' club. Opened in August at 29 Royal Exchange Square, it aims to shatter the stuffy stereotype of gentlemen's clubs. This latest venture of James Mortimer's Lynnet Leisure offers a haven of style and quality with a relaxed, welcoming atmosphere where members are equally at home

“Our philosophy is that 29 is a place to host functions and do business, as well as being great for a night out with family and friends. It’s not stuffy and it’s certainly not just for men.”

**Michelle Mooney, Lynnet Leisure**



conducting business meetings, hosting corporate events – or bringing their families for a Sunday roast.

Lynnet describes 29 as a wholly new concept for Glasgow. “James Mortimer wants to bring something unique to his home city,” explains Corporate Sales and Events Manager Michelle Mooney. “He’s a frequent visitor to London and New York, where private clubs are cool.”

29’s elegantly designed spaces comprise The Grill Room, serving Grade A Scottish steaks and other quality local fare; the adjoining Oyster and Guinness Bar; a cosy private meeting/dining room; and the Enterprising Network Bar, where wi-fi capability and a giant projector screen make it suitable for doing business by day, while the floor-lit catwalk and DJ decks transform it into an exclusive nightclub at weekends. Upstairs, the Supper Club is another multi-purpose function space suitable for around 150 people.

“Our philosophy is that 29 is a place to host functions and do business, as well as being great for a night out with family and friends,” says Mooney. “We try to be as relaxed as possible. The emphasis is on excellent service and quality. It’s not stuffy and it’s certainly not just for men – we’re encouraging ladies’ lunches and networking events.”

The club is aimed at members over 30 “who have business requirements for meeting rooms, corporate events, dinners and lunches. However, we also want members to bring their family to lunch on a Sunday, or unwind with friends over cocktails.” Children are also welcome, within reason.

Mooney admits that opening a private club in Glasgow was a risk, but so far it has paid off. Advertising and promotion started three months before opening and, six months on, 29 has around

1,200 members, on track to meet the first-year target of 2,000. It has played host to several celebrities, plus fashion and national media events, helping to build its profile.

The club is part of an extensive Lynnet Leisure development over five floors behind a grand, blond sandstone façade on Royal Exchange Square. Mortimer started purchasing a cluster of neighbouring properties at numbers 23 to 29, including offices and a former print works, three years ago. Since then, they’ve been transformed into a 20,000 sq ft complex of diverse venues, including a nightclub, a self-serve diner, a classy bar-restaurant for 30-somethings and of course 29, the private members’ club.

To date around £12m has been spent on the ambitious redevelopment.



The Dining Room

Though catering for everyone from 18-year-old students in the basement nightclub to business movers and shakers at 29's Network Bar, no expense has been spared on quality. The interiors, all the work of renowned London studio Julian Taylor Associates, give each venue its own feel, from downright funky to classic contemporary.

To complete its domination of the historic square, Lynnet recently acquired neighbouring Rogano, with funding from Clydesdale Bank, a landmark dining spot favoured by visiting celebrities. Plans are afoot to develop Springfield Lane, the alley between the Rogano and the new complex, to create outdoor seating and an enclosed walk-through. Meantime, members of 29 can look forward to the opening of a beauty therapy room in association with Revive Spa, and the completion of a roof terrace perfect for outdoor events in summer.

Clydesdale Bank are delighted to provide funding to Lynnet Leisure Group to assist in expansion of their licensed leisure and property interests.

For an application form, please contact 29 direct – see details below. When completing the application form, please include details of the name of your Private Partner and your Financial Solutions Centre.

### useful contacts

- About 29: [www.29glasgow.com](http://www.29glasgow.com)  
Tel: 0141 225 5615
- About Lynnet Leisure:  
[www.lynnetleisure.com](http://www.lynnetleisure.com)



### how to join

For a limited period, 29 offers discounted membership to the Bank's Private members – until June 2007, they pay £110 + VAT (normally £150 + VAT per annum).

Benefits of club membership include:

- Sign in two guests at any time
- Exclusive beauty therapies at the Revive Spa room
- Use of private dining room/meeting room for business or leisure
- Preferential hire of the Supper Club for functions and events, including personal support
- Exclusive access to weekend nightclub in the Network Bar
- Invitations to in-house events
- 10% discount at Laing the Jeweller stores, Argyll Arcade
- 29% discount off retail rate at Radisson SAS Glasgow Hotel
- 15% discount at The Perfect Shave, Princes Square
- 20% discount at Ellen Conlin Hair, Hyndland Road
- Corporate memberships are also available.





**Hazel Reid** is a freelance editor and writer with 30 years experience working for blue chip clients in industry, the public sector and financial services. She contributes to *The Scottish Banker* and *Scottish Business Insider* magazines.



## Truly breathtaking!

One pedigree racing car isn't enough for Andrew and Maggie Still. They want a fleet. HAZEL REID discovers what's roaring round the pretty roads of Perthshire.

**//** "You'll lose your nerve long before you lose control!"

There's just the right glint of a challenge behind Andrew Still's easy smile as he shifts the gears and carefully steers his mustard-coloured, two-seater

1.8 litre, 140 brake horsepower bundle of high octane, open-topped exhilaration out onto Perthshire's open roads.

"It can feel strange at first," he warns. And that's not simply the sporty, sudden-response clutch or

### how we can help

- **Whether you're saving, investing or borrowing, you'll benefit from the fast decision-making of our integrated team. And you have quick and easy access to personal, business and other specialist financial services. You are in control – and your money will work harder for you.**
- **You'll also find useful information about tax-efficient allowances for managing your personal wealth and business finances in our *Year-end Planner* at the back of the magazine.**



Andrew and Maggie Still – ready for the road.

the turn-on-a-10p road-holding. The thrill is in the racy ergonomics. “You’re very close to the road. So, even at just 40 miles an hour, you’re convinced you must be going much faster. And you don’t only hear that engine – you *feel* it!

“It’s a serious sports car,” shouts Andrew, just before his words are whipped away in the rush of wind, the whiff of power-exhaust and the G-force of acceleration. “So it needs to be respected!”

The beast is a Caterham Seven SV. Based on the Lotus 7, for which Caterham bought the rights, it’s as happy on the racetrack as the open road: six gears, top speed 120 mph, 0 to 60 in 5.4 seconds, it’s even been filmed through its television paces by the anonymous “Stig” on BBC’s *Top Gear*.

And Andrew has just ordered another three! He and his wife Maggie take delivery this spring as they drive towards their goal of turning their fast-car hobby into their Open Road Hire business, catering for those who share their taste for that burst of adrenalin behind the wheel of a genuinely powerful vehicle.

“We’re hoping to appeal to a wide range of people,” says Andrew who has been a farmer near Peterhead, a manager in Zambia, a property dealer in Aberdeen, and an hotelier in Edinburgh. Having moved to Perthshire last summer, he’s been “astonished” at the number of local companies offering outdoor activities – adventures on quad bikes, days out in 4x4s or classic cars. “But there’s no-one hiring-out sports



“There’s no-one hiring-out sports cars for ordinary motoring rather than on a racetrack. We feel that there’s definitely a gap in the market – and it’s a niche we want to fill”

**Andrew Still, Open Road Hire**

cars for ordinary motoring rather than on a racetrack. We feel there’s definitely a gap in the market – and it’s a niche we want to fill.”

And they intend to make it more than a driving experience, Maggie explains. They’re certainly researching the most interesting and attractive routes around Perth and further north. “But we’re also exploring good places to eat so we can advise customers how to get right away from motorways. And people could combine a day in our car with clay-pigeon shooting or on one of the off-road experiences you can do around here.”

The cars will initially be hired out for a day at £160 including a full tank of petrol, 150 miles of motoring – and a protective hood should you outrun the sun.

With their hotel experience, the Stills know all about the importance of good customer service and will ensure their drivers are well looked after. And that’s one of the characteristics they say they enjoy about their relationship with Clydesdale Bank. “It’s just so good to ring up and talk to Sandra Stephen our Private Partner about our business and our account,” says Maggie.

“Private Banking is tremendous,” agrees Andrew. “They know us and understand us. If our new business goes well, we’ll probably need bigger premises and we’ll be looking to the Bank for help with that, too.” They also hope that other members will get in touch to try out their cars for a day. They guarantee it’ll be a truly breathtaking experience.

### **useful information**

- Reach Andrew & Maggie Still:  
[www.openroadhire.co.uk](http://www.openroadhire.co.uk)  
Tel: 01738 622411 Mob: 07879 228 987
- Gift vouchers available for that special present.
- Special offer for Private members:  
200 miles for the price of 150 miles until  
December 31, 2007.





**Robin McKelvie** is a travel writer and photographer based in Edinburgh. He has spent the last decade visiting and writing about 73 countries for magazines and newspapers on four continents, as well as authoring over a dozen guidebooks.

# Reach for the far horizons

- Exclusive experiences off the beaten track
- Fly a military MiG over the Motherland
- From new Shanghai to the old Silk Route
- On safari with India's elephants and camels

## **i** useful information

- Trans-Siberian – [www.gwtravel.co.uk](http://www.gwtravel.co.uk)
- MiG Flights – [www.russiagateway.co.uk](http://www.russiagateway.co.uk)
- Lake Baikal – [www.irkutsk.org/baikal](http://www.irkutsk.org/baikal)
- Shanghai – [www.cnto.org/shanghai.asp](http://www.cnto.org/shanghai.asp)
- Hainan Beaches – [www.hainandiscovery.com](http://www.hainandiscovery.com)
- Urumqui – [www.coxandkings.co.uk](http://www.coxandkings.co.uk)
- Luxury travel in India – [www.palaceonwheels.net](http://www.palaceonwheels.net)
- Camel Rides – [www.nomad-travels.com/camel.htm](http://www.nomad-travels.com/camel.htm)
- Tiger Safari – [www.indiaadventure.com](http://www.indiaadventure.com)



Today's easy long haul travel and budget airfares have created some exotic casualties: Beijing's supposedly Forbidden City is no longer so prohibited. Russia's Kremlin isn't out of bounds any more. And the mystique of the Taj Mahal has become a commonplace for the tourist masses.

So, if it's exclusive experience you crave, you must push much further off the beaten track. Fortunately, there's no end of opportunity. For the adrenalin junkie, Russia now offers the chance to climb aboard a MiG military fighter and power through the skies in a jet stream of Cold War memories. You can fly MiG-bound over the Motherland, select somewhere remote to break the sound barrier in a MiG29 or in the cream of the modern Russian fleet, the MiG31 Foxhound. Flying will never be the same again.

Neither will rail travel after the epic Trans-Siberian, what veteran travel writer Eric Newby called "the Big One". This mother of all train journeys sweeps



The sky's the limit. Fly a MiG over Russia.

from Moscow over the Urals and out across Asia in search of Beijing or Vladivostock. And, if the week-long adventure of the standard scheduled services seems a shade too colourful for comfort, there are less edgy group trips lasting a fortnight which allow you to explore many of the destinations *en route* rather than just rattling past them.

Your search of a more relaxed experience might take you east to Lake Baikal, the "Blue Eye of Siberia". This epic stretch of water is said to be the world's oldest, deepest and largest freshwater lake, a mystical place of escape that scientists reckon is home to numerous undiscovered species. In this ice-blue wilderness, the 21st century seems



Legendary luxury: Palace on Wheels.



Trans-Siberian travel: "the Big One".

**i how we can help**

- **Your adventurous travel plans may well generate special insurance needs. And, in particular, you may wish to re-examine your Key Person protection policy. Either way, your Private Partner will be happy to assist you with the best options open to you.**
- **In addition to a full range of home, car and life assurance services, annual multi-trip travel cover can be provided by AXA. And we can supply your foreign currency and travellers cheques. Information and advice about any of these products is available from your Private Partner.**



reassuringly distant.

Delving south into China, it's worth leaving the pre-Olympic hype (and pollution) of Beijing behind to explore the new beating heart of the country in Shanghai's buzzing metropolis. On any stroll by the river you'll be fascinated by the way the old traditional boats vie for attention with the gleaming skyscrapers of a beguiling and restless city. And the cuisine is excellent!

There's a calmer retreat in Hainan Province. Over half of the 1,580km coastline of China's largest island and its smallest province is blessed with sweeping sandy beaches. Water temperatures of between 18°C and 30°C mean year-round swimming is possible and the swaying palm trees make many of the sand-strands look more Caribbean than Chinese.

Heading deep inland on the old Silk Route, the outpost city of Urumqui and the surrounding deserts await. Here you can feast on the Islamic/Chinese



## Veteran travel writer Eric Newby called it “The Big One” – the week-long Trans-Siberian is the mother of all train journeys.

culinary delights conjured up the local Uigur people, and be the only tourist in thriving markets, such as the Erdaoqiao Bazaar, that seem little changed since Marco Polo ventured there. There are tours of the region that include Urumqui and the ancient city of Turfan, from where you can explore Suleiman’s Minaret, the Astana Tombs and Karez Well.

South into India, and you might be brave enough to forsake the competition for a photo of the Taj Mahal and instead board the legendary Palace on Wheels. British (and particularly Scottish) engineering helped build the country’s rail network, but the smooth service and excellent food are genuinely Indian. You can enjoy a week aboard surrounded in complete luxury as this sumptuous mobile home tours through Jaipur and Jodhpur, with side-tours of destinations en route.

In the Shekhawati region, a three night camel safari takes you well away from India’s chaotic cities, out into the harsh landscapes, stopping off at local oases and encountering villages where traditional Rajasthani houses still stand. You’ll live in a tented camp: the million dollar views of the stars are free.

And, if you prefer your four legged animals with a bit more bite, India is legendary home to tiger safaris.

The Kanha, Bandhavgarh and Ranthambhore parks are all great venues for wildlife spotting, with two week tours available that cover all three and allow the chance to stay right in the heart of the parks. Elephants replace trucks for parts of the safari allowing you to enjoy sweeping views of both flora and fauna from a uniquely elevated position that tourist visitors scrambling around the Taj Mahal can only envy.



A bit more bite: try a tiger safari.



**Alison Bird** is co-editor of the award winning *Scottish Banker* magazine. She was the former wealth management columnist for *Scottish Business Insider* and has been writing on business and financial issues for 20 years.

## A new mantra: “Disinherit the kids!”

A trend among America’s super-rich is to help their children to greater happiness by passing on little or none of their wealth. ALISON BIRD finds a UK demand for financial “boot camps” to teach the young how to manage money.

**T**ough love is everywhere: Supernanny for toddlers, desert boot camps for brattish teenagers, enforced carrot-eating for grown-up chocoholics. “It’s for your own good!” is the nightly message from every TV. But now, sidling in from the US, there’s a new trend among the ranks of the extremely wealthy: if you love your kids, disinherit them.

It chimes with to-day’s bracing belief that, if you want your children to be genuinely happy, a never-ending flow of cash is not the simple answer. Quite the reverse: inheriting significant wealth can lead to an unfulfilled life lacking in self-worth and purpose. US psychiatrists go so far as to suggest that an absence of work experience alienates “heirs” from humanity and contributes to insecurity about their ability to survive without their inheritance.

Commodore Vanderbilt’s grandson William, heir





It chimes with to-day's bracing belief that, if you want your children to be genuinely happy, a never-ending flow of cash is not the simple answer. Quite the reverse.

“Wealthy parents should leave their children with enough money to do anything they want, but not so much that they’re doomed to do nothing at all.”

**Warren Buffett**

**i how you can help**

- Talk to your children, let them know how you are thinking about their inheritance early enough. Don't surprise them if you want them to understand how 'fair' you are being.
- Remember, not giving can cause problems too.
- Seek advice on the options and flexibility of trusts.
- Look at charitable trusts and get your children involved.
- Educate your children about wealth management.
- Remember Warren Buffett's last word: "Love is the greatest advantage a parent can give."
- You'll also find useful information about tax-efficient allowances for managing your personal wealth and business finances in our *Year-end Planner* at the back of the magazine.

to some US\$60 million in 1885, declared that "inherited wealth . . . is as certain death to ambition as cocaine is to morality." Hence the dilemma: how not to rob your children of the joy of hard work and personal success while, naturally, wanting to give them the fruits of your own hard labour?

Like many things, Stateside trends usually filter through to the UK (though Bill Gates' fierce stand against the abolition of inheritance tax may take a little more time to acquire a following). America's super-rich began discussing whether to disinherit a decade or so ago. That was when Warren Buffett declared he did not believe it wise to bequeath great wealth to your offspring and would leave his own to charity.

Last June, Buffett re-ignited the debate by announcing that he was, in fact, not waiting for his death to distribute his wealth but was going to give US\$31bn to the Bill and Melinda Gates' Foundation. Leaving aside the irony of the world's second richest man giving the world's first richest man some money, Buffett's thinking is relevant to all who have a significant estate, and heirs, to think about.

His rule of thumb seems quite simple: "Wealthy parents should leave their children with enough money to do anything they want, but not so much





that they're doomed to do nothing at all."

This thinking is behind a new idea, taking hold in the UK, of teaching children of the wealthy how to value money via "financial boot camps". Wealth management for children, provided by some private banks (at the request of their clients) aims to give a grounding in the basics of investing and finance – as well as some preparatory disciplines about how to handle the money they're likely to inherit.

On the assumption that few youngsters will want formally to learn money management from their parents, these classes look at the philosophy of investment and how best to achieve financial objectives. And they examine how the financial markets are run. The idea is to empower children to inherit with some wisdom, not simply by understanding how to make more money, but by learning how to take responsibility for their inheritance.

Others concerned about "how much to give" look at the options of trusts which tie up the money until a future date, by which time the children will have made progress independently. And some parents start by giving smaller amounts at an earlier date to 'monitor' the way the money is handled (not to mention avoiding Inheritance Tax).

In the US again, some parents who want to encourage their offspring to work, while providing a little extra money besides, create incentive income trusts designed to match or double the child's salary — or trusts which pay out if a stipulated objective is achieved.

And making significant bequests to charitable foundations doesn't have to exclude the children, either. They can be involved in overseeing the

## how we can help

- **It's never too soon to make sure your Will really does reflect your wishes – and that it's up to speed with your changing circumstances. Speak to your Private Partner to arrange an appointment with one of our Financial Planning Partners for advice on tax and other implications of your inheritance strategy.**
- **In addition, our special association with Mazars CYB Services Ltd (a subsidiary of Mazars LLP) means you're able to take advantage of a premium Will, Trust and Executry service.**

foundation to ensure the money is used appropriately. Andrew Carnegie argued that, by giving away their great fortunes, rich men would produce "an ideal state in which the surplus wealth of the few will become, in the best sense, the property of the many." What better way to help your children understand the value of money than to involve them in such a pursuit?

Perhaps, in the end, we should simply refuse to discount the important relationship between money and happiness. Ed Diener (the researcher who found little difference in happiness between the Forbes 400 and herdsman of the Maasai) has also written that happy people tend to have higher incomes later on in their lives. So, the moral is the reverse of what you expected: not that money won't make you happy, but that happy children will make more money.



# Good Reads

*Private Word* brings you essential business reading from leading experts. Through our partnership with Financial Times Prentice Hall we offer exclusive discounts on selected titles. They have set up a dedicated section of their website for this: [www.pearson-books.com/privateword](http://www.pearson-books.com/privateword). You can also contact them on: 0870 607 3777 and quote *Private Word* to obtain the offline discount.



**Reinvent Yourself**  
**Tactics for work, life and happiness – Yours**  
Jonathan Gabay

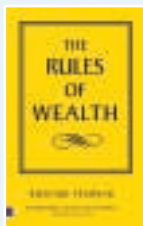
*This is an intelligent, stimulating and engaging look at how to become what you aren't.*

Based on real business, career and life issues,

to market yourself. Or maybe you want more control of your life. Whatever your agenda, you'll uncover strategies to re-assess even fundamental beliefs held since childhood.

this book provides practical tools to reconfigure yourself as you wish. Perhaps you want new ideas

**Normal price: £15.00. Special *Private Word* price with 35% discount: £9.75 and free post and packaging.**



**The Rules of Wealth**  
**A personal code for prosperity**  
Richard Templar

Richard Templar illustrates the secrets of wealth – acquiring money, growing it, keeping it and spending it. Forget practical advice about 'how to reduce your weekly

outgoings' or 'how to reduce your mortgage', Templar delves deeper to reveal his unique rules for creating and accumulating wealth.

**Normal price: £9.99. Special *Private Word* price with 35% discount: £6.49 and free post and packaging.**



**Performance**  
**The secrets of successful behaviour**  
Robin Stuart-Kotze

How do you improve performance? It's all about behaviour. The behaviours that accelerate, sustain or block better performance. In this

title, performance expert Robin Stuart-Kotze reveals the secrets of behavioural change that have helped successful people, teams and managers around the world to get ahead and stay ahead.

**Normal price: £17.99. Special *Private Word* price with 35% discount: £11.70 and free post and packaging.**

*Private Word* is published by Clydesdale Bank PLC and produced by Editions Publishing, Edinburgh for Clydesdale Bank Private Banking members.

© Clydesdale Bank. All Rights reserved. The contents of this publication reflect the personal views of the individual authors and do not necessarily reflect those of the Bank. No liability attaches to the authors or to the Bank for any reliance on any part of the publication. The articles contain views, not advice or professional recommendations.

You should consult your own professional advisers if you are minded to follow up on anything that you have read in this publication.

Clydesdale Bank is authorised and regulated by the Financial Services Authority. Credit facilities other than regulated mortgages are not regulated by the Financial Services Authority.

'MLC' is a trading name of MLC Savings Limited which is authorised and regulated by the Financial Services Authority. MLC Savings Limited is registered in England (Number 3663932). Registered Office: 88 Wood Street, London EC2V 7QQ. The value of any tax benefits to you depends on your individual circumstances. The proceeds of an ISA are currently free from UK Income Tax and Capital Gains Tax. In order to take advantage of your 2006/2007 tax-efficient savings allowance, you must open your MLC Mini Cash ISA or MLC Stocks & Shares ISA before 5th April 2007.

Clydesdale Bank is a member of the Financial Services Compensation Scheme established under the Financial Services and Markets Act 2000. You may be entitled to compensation from the scheme if we cannot meet our obligations. This depends on the type of business and the circumstances of the claim.

If you make a valid claim against Clydesdale Bank PLC in respect of any credit balances, insurance, mortgages or investments held with us or which we arrange for you and we are unable to meet our liabilities in full, you may be entitled to compensation from the Financial Services Compensation Scheme (FSCS). This depends on the type of business and the circumstances of the claim. Further information about compensation scheme arrangements is available from the FSCS at [www.FSCS.org.uk](http://www.FSCS.org.uk) or Financial Services Compensation Scheme, 7th Floor, Lloyds Chambers, Portoken Street, London E1 8BN.

Further details of the scheme are available from us on request or from the Financial Services Compensation Scheme: [www.fscs.org.uk](http://www.fscs.org.uk) or Financial Services Compensation Scheme, 7th Floor, Lloyds Chambers, Portoken Street, London, E1 8BN.

Website addresses are provided for general information purposes only and the websites concerned and their contents are not endorsed or promoted by National Australia Bank Group in any way, unless stated.

For your security, calls to telephone numbers detailed in this publication may be monitored or recorded.

**This publication is also available in large print, braille, tape and disc formats. Speak to a member of staff for details.**

[www.CBOnline.co.uk](http://www.CBOnline.co.uk) Clydesdale Bank PLC. Registered in Scotland (Number SC001111) Registered Office: 30 St Vincent Place, Glasgow G1 2HL.



[www.CBonline.co.uk](http://www.CBonline.co.uk)

Clydesdale Bank PLC.  
Registered in Scotland Number SC001111.  
Registered Office:  
30 St Vincent Place,  
Glasgow G1 2HL.

A member of the  **National Australia Bank** Group

CBPVT31 (02/07) C2556 EXP FEB 08