

# FINANCIAL

EDITED BY LAWRIE HOLMES

& PROPERTY SUNDAY EXPRESS

MAY 25, 2008



**Fraudsters are after your bank account**

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Standard launches hunt for new boss

## Mosley engulfed in new scandal

Three stay in race for Trillium

By Geoff Ho

STANDARD LIFE has hired headhunters JCA Group to help it find a new UK chief executive.

JCA is conducting a global search for a replacement for Trevor Matthews, who ran the insurance giant's British operations until February. His duties are currently handled by group chief executive Sandy Crombie.

According to Standard Life chairman Gerry Grimstone, the firm is looking at a number of external and internal candidates. He hopes to have a replacement within the next three or four months.

Matthews shocked Standard Life by defecting to Friends Provident hours after telling the firm he would not be leaving to become chief executive of Friends.

In response, Standard Life's management insisted that Matthews see out the full six months notice period of his contract.

Although Matthews is expected to start at Friends Provident in August, industry sources believe he may not do so, as he is said to have reservations about the role.

One of his main concerns is that Friends is scrapping its "wrap" platform, which gives individuals a one-stop access point for pensions, investments and savings.

A Friends spokesman insisted Matthews would join the firm in August. However, it is understood that, as a precaution, Friends chairman Sir Adrian Montague has discussed hiring an interim chief executive with headhunters Egon Zehnder.

By Christian Syll and Caroline Reid

THE motor racing industry is braced for a new row over Max Mosley, the motorsport boss already embroiled in a seedy sex scandal.

Controversial details of Mosley's influence on one of the most crucial court decisions in Formula One have come to light and could be the final straw for the member clubs which will vote on his future as president of the Fédération Internationale de l'Automobile (FIA) next week.

Former F1 champion Sir Jackie Stewart has told the Sunday Express that as a result of this they should "get rid of him". "The manner in which he is behaving is not correct for him to be president," added Stewart.

Mosley's expected appearance at today's Monaco Grand Prix will be his first at an F1 race since he was filmed in a sado-masochistic orgy with an alleged Nazi theme.

It may also be his last since the son of fascist leader Sir Oswald Mosley has been accused of telling a leading barrister how to plead in a bar the night before a hearing in which the Benetton team was accused of tampering with equipment. The hearing's decision allowed Germany's Michael Schumacher to be crowned world champion for the first time.

Mosley chaired the hearing, a position which, in his own words, demanded complete neutrality.

Mosley says he was invited to the meeting with the barrister by F1 commercial boss Bernie Ecclestone and, as former F1 team principal Eddie Jordan has admitted, Ecclestone "was keen to get a German driver into F1 to bring in TV money".

F1's multi-year television deal with the German RTL station is now one of the biggest-paying in

Secret meeting ahead of Schumacher title win threatens to further damage F1 boss's credibility



VITAL VOTE: FIA members will decide if Mosley will remain as president next week. Picture: AP PHOTO

the sport at an estimated \$190 million (£95.9 million).

Financial documents released by Ecclestone's company for a 1999 bond transaction noted "a correlation between the popularity of the championship in the Federal Republic of Germany in recent years and Michael Schumacher's success".

Ecclestone's family trust has since made an estimated \$1.3 billion from stakes in his company being sold to Deutsche Bank and German media group E.M.TV.

In 1994, Schumacher's Benetton team faced expulsion after it tampered with equipment provided by the FIA. This gave the

team a performance advantage but was blamed for a huge fire at the German Grand Prix.

Benetton claimed in a statement it removed a filter "with the full knowledge and permission of the FIA". Flamboyant team boss Flavio Briatore said: "We could prove it in court if we had to."

The FIA denied this and Benetton was summoned before a disciplinary hearing of its World Council. Talking about the hearing, Mosley later said: "I was there in a completely neutral capacity."

However, the Sunday Express has evidence that Mosley met Benetton's barrister, George Carman, in a bar the night before

the hearing and told him "it was best... not to seek to blame any FIA personnel".

Carman followed Mosley's advice and the team pleaded guilty. Benetton escaped punishment and Schumacher raced to the title ahead of British driver Damon Hill.

Turnover at Hill's Williams team increased just 1 per cent the following year in contrast to a 20 per cent rise at Benetton.

Following the hearing, Mosley admitted: "The moment that Benetton pleaded guilty, the situation changed. Instead of being

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By Emma Vickers

JUST three contenders remain in the race to buy Trillium, the outsourcing arm of Britain's largest real estate firm, Land Securities, according to industry sources.

Investment firm Tele-real, private equity firm Charterhouse and the property arm of Goldman Sachs are thought to have submitted bids around the £900 million mark. These are short of the seller's £1.2 billion to £1.5 billion price tag.

This has raised fears that Land Securities could withdraw from the sale and consider options such as an independent listing on the London Stock Exchange.

Trillium owns and manages property let to large organisations such as the Government and the Royal Mail.

A consortium comprising entrepreneur Vincent Tchenguiz and commercial real estate specialist Aaim is no longer in the running to buy Trillium.

Land Securities chief executive Francis Salway revealed last November that the company would be broken up into two real estate investment trusts (Reits), respectively focusing on London offices and retail, and that Trillium would either be sold or spun off on the LSE.

Land Securities wrote down the value of its shops and offices by £1.3 billion a fortnight ago to £13 billion, due to a price correction in the property market.

Land Securities declined to comment beyond saying that it had received separate bids for Trillium.

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## FINANCIAL SUNDAY EXPRESS

## Rampant hypocrisy of this tax push

**D**EATH and taxes are the only certainties in life, wrote Mark Twain. But not if you're a multinational company, it seems.

The kicking large companies have given the Government in recent weeks over concerns they're being mistreated regarding taxation of foreign earnings has certainly had an effect.

The Chancellor, trying to fight the corner of a dying Government, has been performing cartwheels in his efforts to appease the business lobby after it picked up on Shire Pharmaceuticals and United Business Media saying they will relocate to Ireland's 12 per cent tax regime.

On their own, this would not have counted but the additional threat from the likes of WPP, AstraZeneca, British American Tobacco and Cadbury that they too might seek an alternative tax regime made a difference. They created a groundswell that could not be ignored by a Government

desperate not to lose its ties with business in the run-up to a general election. The last two accomplices are particularly outrageous additions to the list — neither paid any UK corporation tax last year.

Smelling blood, the CBI, led by former BAT chairman Martin Broughton, charged into battle, accusing the Treasury and Revenue of a battery of unfair tax demands. The CBI is now demanding a lower corporation tax of 18 per cent rather than the 28 per cent the Treasury recently agreed to.

What the CBI is forgetting — along with the Conservatives and Liberal Democrats, both striving for a 25 per cent corporation tax threshold — is that this would break agreements with, for example, Japan, a key trading partner. Japan would then demand extra payments and we would effectively be subsidizing that economy.

As numerous experts point out,



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cutting the tax take from corporate giants pushes the onus for tax contributions on to smaller companies. Without the allowances and offshoring techniques large

companies benefit from, they are often paying well above 30 per cent in corporation tax and this could get worse.

This is an unfair disadvantage for smaller firms, which represent the entrepreneurial thrust of this country. There should be a separate system for taxing these very different communities.

There is also the impact on us, the public, who are likely to have to fork out more in council tax to ensure the tax base isn't further eroded. We all need to follow this important debate, because if big business gets its way, everyone else will suffer.

In the meantime, I'd like to know why the Treasury did not have good intelligence on how little tax some of these companies paid: that would have stifled this debate.

I will pursue the accountants' Financial Reporting Council and other bodies to demand UK companies, especially multinationals, report clearly

the exact amount of tax they pay each year.

**Q** EXPECT a further approach for power supply protection company Chloride Group within the next two weeks from US rival Emerson Electric for 290p to 300p, valuing it at at least £800 million.

The approach would follow a previous one from Emerson earlier this month at 255p. This was rejected by Chloride, which said that it undervalued the company and its prospects.

Chloride's strategy to hold out for a better price appears well founded — demand in the sector is expected to increase by 8 per cent annually.

There have also been a number of recent deals in the sector, such as the \$6.1 billion (£3 billion) purchase of American Power Conversion by Schneider Electric, of France, suggesting Emerson could go higher.

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## House prices still fall but decline is slowing

THE FALL in average house prices has slowed, down from -0.6 per cent in April to -0.5 per cent in May, according to researcher Hometrack.

But the firm will say in its monthly survey this week that house prices fell for the eighth month in a row in May and the annual rate of growth decline increased from 0.9 per cent to 1.9 per cent, the lowest level since November 2005.

This is expected to tally with the Nationwide May house price index, out this week, also expected to show an annual fall in growth to -1.9 per cent.

Further evidence of continued slowdown will be seen in the British Bankers Association's mortgage approvals and lending data for April, also out this week.

Hometrack said the continuing fall in house prices reflected the uncertainty of house-buyers. "What we referred to last month as the 'buyer's strike' continues, with a 6.7 per cent drop in the number of buyers registering with agents over May, following a 2.8 per cent fall in the previous month," said Hometrack director of research Richard Donnell. He said this compared to a 20 per cent increase in houses coming on to the market since February.

"It is too early to say whether the level of monthly falls will now start to moderate as this will require an improvement in demand and sales agreed which are both linked to

By Lawrie Holmes

overall buyer confidence. The current trends in the survey indicate that pricing looks set to remain under downward pressure over the coming months," said Donnell.

Improved buyer confidence was the key to any stabilisation in pricing levels, although there was also likely to be a growing number of households over the coming months who needed to move.

"The 20 per cent increase in property for sale since February does indicate that there are households looking to transact. The implication for prices in the short term largely depends on the split between those who 'have to sell within a certain period of time' versus those 'looking to sell at the right price', which is unknown. The former group of sellers will need to be more realistic on the achievable price than the latter group."

Howard Archer, chief UK & European economist at Global Insight, said the Confederation of British Industry's distributive trades survey on Thursday was expected to show consumer spending was now increasingly faltering.

"Consumer spending has been markedly weaker than the hard retail sales data from the Office for National Statistics, although even this is now indicating that consumer spending is slowing, albeit to a limited extent."



CHALLENGE: United (In stripes) in a recent clash with Hull City

## Blades keen to find cutting-edge investors

SHEFFIELD UNITED is understood to have appointed bankers at Seymour Pierce to try to find it a mega-rich investor to help finance the club's efforts to rejoin football's top flight.

According to sources familiar with the situation, Seymour Pierce has been instructed to find a benefactor for the club, which suffered a costly relegation from the Premier League in 2007.

The Aim-listed club believes it needs fresh investment if it is to build a squad capable of reaching and remaining in the Premier League. Seymour Pierce is believed to be examining a number of options, from finding minority investors to

By Geoff Ho

getting wealthy individuals or groups to buy the club outright. Anyone interested in acquiring loss-making Sheffield United would need the backing of the club's current chairman Kevin McCabe, who has amassed a 74.7 per cent stake.

Seymour Pierce is best known for brokering the £140 million sale of Chelsea to Roman Abramovich in June 2003. The firm was also involved in the £62.2 million sale of Aston Villa to US credit card boss Randy Lerner in August 2006, as well as Thaksin Shinawatra's £81.6 million acquisition of Manchester City last year.

## Mosley faces new scandal

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out to [prosecute] Benetton, we listened to what they had to say [in mitigation]."

The only other person present at the bar meeting was Ecclestone, who sits on the World Council. Mosley said it never occurred to him that there was anything improper about the meeting.

Hill would not comment on his personal situation but he told the Sunday Express: "The FIA should solely be responsible for policing and enforcing the Formula One regulations fairly, transparently and without bias."

"In the past it's been felt that that's been hard to see." Barrister Anthony Scrivenor has been appointed by the FIA to see whether there is any truth in the allegations of the sex romp having a Nazi theme. His findings will be available to FIA members when they vote next week.

Stewart said the sport should take the opportunity to make wider changes.

"The whole FIA has to be restructured," he said. He believes it needs a chief executive, three vice-presidents to run the sporting side, member clubs and motor industry liaison, and an independent director. "That would have transparency and good corporate governance, none of which the FIA has."

Former F1 team owner Paul Stoddart agreed. "The FIA does need restructuring and the organisation cannot continue with Max Mosley as its president," he said. "As goods go, he is simply too badly damaged."