



# INSIDER • AUG 2012

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Welcome to your August newsletter. This month, we take a look at employee share schemes after recent research revealed that more businesses are offering the perk. Meanwhile, we look at some of the small steps you can take to ensure your business is better protected during these economically challenging times. Finally in Your Money, we explore some personal money aspects that could make the summer holidays even more enjoyable.

## Employee share schemes – a worthwhile incentive?

We take a look at two of the main employee share schemes after recent research revealed that £200 million worth of free shares were given out to employees last year:

*We can advise on these and other employee share schemes. Please talk to us to find out more.*



	Share incentive plan (SIP)	Save as you earn (SAYE) share option
<b>What is it?</b>	A plan that offers tax and national insurance advantages when employees buy or are given shares in the company they work for.	A scheme that allows employees to save towards a 'share option' to buy shares at a discounted price of up to 20 per cent.
<b>What are the tax advantages?</b>	You will not have to pay income tax or NICs on the value of free or matching shares awarded to you. The longer you keep the shares in the plan, the less tax and NICs you will pay when you finally take them out. If you keep the shares in the plan until you sell you will not have to pay capital gains tax.	You do not have to pay income tax when you receive your share option or when you buy shares. You can also transfer any shares into a stocks and shares ISA.
<b>How does it work?</b>	SIPs keep your shares in a trust for you until you either leave your job or decide to take the shares from the plan. The shares must be kept in the plan trust for a specified number of years to give you the full tax benefits.	Employees agree to save a fixed amount (between £5 and £250) each month for a set period of time under a Save as You Earn savings contract. This money is used to buy shares. A bonus is also paid at the end of the scheme.
<b>Who can take part?</b>	SIPs cannot be restricted to particular groups or individuals, but a company can set its own limit for the minimum time at the company, although it cannot be longer than 18 months.	Any UK employee that has been working at the company for more than five years.
<b>What are the restrictions?</b>	Plan shares must be held for at least three to five years. If they are taken out before this, NI and tax may have to be paid. There are also restrictions on the number of shares that can be purchased; this depends on the type of share. Shares come out of a plan as soon as you leave your job.	If you decide to stop saving before you have completed your SAYE contract you will not normally be able to exercise your option to buy any shares. You must pay for the shares from the amounts saved in your savings contract.

## Protecting your business

Small businesses are often the casualties during an economic downturn. But there are measures you can take to protect your business during difficult times. It is important to continually monitor your business performance and implement such measures while trading is strong, before you get into difficulty.

### Cash flow

Small and medium sized businesses are most likely to get into trouble with cash flow difficulties. Make it clear in contracts that prompt payment must be adhered to. Try and reduce the debtor days on as many accounts as possible and accustom your clients to paying promptly. Elsewhere, is it possible to free up cash by reducing any unnecessary stock you may be holding?

### Business credit reports

According to a recent report, one in five SMEs have found themselves in an unsavoury financial relationship because they failed to do their homework on prospective partners. Check the financial status of business partners and suppliers before signing contracts and doing business with them by consulting a business credit report. Reports can provide information regarding a company's finances, outstanding debts, county court judgement and the level of working capital they currently hold.

### Management accounts

Your accountant isn't just here to help you comply with HMRC and file tax returns. There are various accounting strategies at a business's disposal to ensure it is achieving its full potential. While accurate bookkeeping is a given, management accounts allow you and your accountant to analyse your business data to help assess where you are, where you want to be and, hopefully help to get you there.

Contact us today to see how we can help your business.



You may also want to consider whether you will require additional protection, for instance, if you wish to take part in hazardous activities such as water sports.

### Mobile phone tariffs

Unexpectedly large mobile phone bills when returning from holidays abroad may be less of a worry after new EU regulations came into force last month. As of 1 July 2012, providers are capped on the amount they can charge for mobile calls, sending and receiving texts, and 'data roaming' - accessing the internet on your mobile.

It will now be free to receive text messages, while there will be a maximum cost of (euro cents):

- 29c to make a call
- 8c to receive a call
- 9c to send a text message
- 70c per megabyte (MB) to download data/browse the internet

### Freeze in fuel duty

Even if you're planning a 'staycation' in the UK, you may find a small respite in the price of fuel. This month the Government announced the planned 3p rise in fuel duty for August would be postponed until January 2013.

## YOUR MONEY

### Happy Holidays

Whether you are holidaying abroad or planning a 'staycation' this summer, there are a few money aspects worth considering, and a few worth enjoying.

#### Holiday insurance

Once you've booked your holiday, the next step, and arguably the most important, is to purchase travel insurance to protect you and your family. Policies can be tailored to your personal requirements but you should consider whether it covers:

- Cancellation – unforeseen circumstances may prevent you from taking your holiday
- Medical expenses – hospital fees in other countries can be expensive
- Theft or damage of personal belongings – check to see what items are protected. Ideally passports should be included
- Delays – could cover delayed baggage, and missed transfers
- Personal liability – covers you in the event of third party injury or damage

### August's Money Facts

Current bank rate	0.5%
Quantitative Easing Scheme	£375 billion
Current inflation	2.4%