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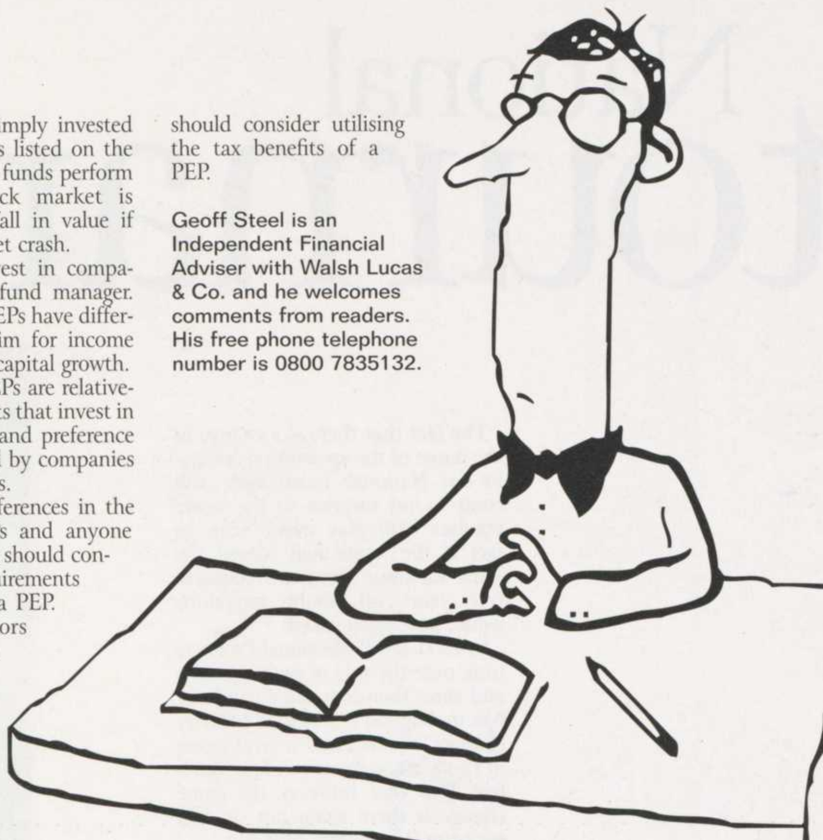
Money Matters

This month, Geoff Steel gives advice to those wishing to invest in a PEP...



A Personal Equity Plan (PEP) is an investment in shares or unit trusts in which both growth and income are exempt from any form of taxation. PEPs are attractive to investors because they are tax free. They are different from a TESSA in that the capital invested can go down in value as well as up. PEPs do not usually have a specified investment period, unlike a TESSA which must be for five years.

Introduced in 1987, PEPs have rapidly grown in popularity. Four and a half million investors now hold them. The annual sums invested have grown to about £6 billion, of which more than two thirds is in unit trust funds.

This is the last year in which a PEP can be taken out. Next year PEPs are to be replaced by the Individual Savings Account (ISA) which will be similar in the tax free statue.

Anyone may invest up to a defined limit in a PEP in each tax year. The current limit is £6,000 for a PEP investing in a general fund of investments, plus £3,000 in a PEP in shares in a single company. The way in which the money is invested varies and each option has its own benefits.

Tracker PEPs are simply invested in the top companies listed on the Stock Market. These funds perform well while the stock market is increasing but will fall in value if there is a stock market crash.

Managed PEPs invest in companies chosen by the fund manager. Different managed PEPs have different criteria. Some aim for income while others aim for capital growth.

Corporate Bond PEPs are relatively low risk investments that invest in fixed interest shares and preference shares that are issued by companies when they raise funds.

There are huge differences in the performance of PEPs and anyone considering investing should consider what their requirements are before choosing a PEP. For older investors requiring income, a Corporate Bond PEP is suitable, but for younger savers, a PEP aiming for growth maybe more appropriate. Almost anyone who is a taxpayer, and has money to save for a long term should consider utilising the tax benefits of a PEP.

Geoff Steel is an Independent Financial Adviser with Walsh Lucas & Co. and he welcomes comments from readers. His free phone telephone number is 0800 7835132.

HEALTH & SAFETY HEALTH & SAFETY HEALTH & SAFETY HEALTH & SAFETY

Health & Safety

Tony Rees, Freelance Health & Safety Consultant & Senior Instructor with Lantra National Training Organisation continues his look into Risk Assessment

You may recall the first part of risk assessment, in which we looked at how to identify hazards within your work environment by performing a physical examination of the work area or activities and then breaking these down into stages to enable you to identify the hazards which you will encounter in your work.

Once these hazards have been identified, we can now move on to the second part of the risk assessment – that of assessing the risk.

Some hazards may present a small risk which may however occur frequently.

For example:

Hazard – wet grass on golf course
Risk of – slipping/falling
Potential outcome –little or no injury

Other hazards, however, may present a much greater risk which would be unlikely to happen.

For example:

Hazard – use of flammable liquid
Risk of – explosion/fire if lighted
Potential outcome – death of severe injury to many.
Risk = Probability x Consequence

The greater the risk, the more time, money and inconvenience you would be expected to spend to reduce it.

Once the risk has been assessed, we are then able to develop control measures in order to reduce or eliminate the risk. This can be done by the following method:

Elimination of the risk – by getting rid of a process of activity.

Reducing the risk – by substitution with a safer process/safer machinery.

Isolating the risk – by use of physical segregation, eg. machine guarding.

Control of the risk – by introducing safe systems of work, by redesign to control hazards.

Personal Protective Equipment – this should be the last resort, all other control methods should be tried first.

Discipline of staff – all staff should be fully trained and competent. Supervision should be given when necessary.

A practical example would be:

Hazard – use of hand operated mower

Risk of – injury/amputation of limbs to operator, injury from debris projecting from cutters

Control measures – Is the hand operated mower suitable for the work – a ride-on mower may be more suitable. The machine should be adequately guarded to prevent contact with moving parts. There should be a collection box for cuttings. A safe system on work may be required for the activity. Are all the operators fully trained, and are they aware of the dangers from operating the machine? The operator should wear suitable personal protective equipment, ie. goggles, safety boots and gloves. Adequate signs should be in place to inform other staff, golfers and public that grass cutting is in progress.

When control measures have been developed, they need to be put in place. This may involve training or retraining of staff, and will require co-operation and consultation with safety representatives.

When the control measures are implemented, they should be monitored, to ensure that they are effective in controlling the hazards and to ensure that they are being used. The assessments should be recorded and reviewed at regular intervals. They may need to be amended at times, especially if new work processes are introduced, new staff employed, or if an accident occurs.

Written Risk Assessment are one of the duties imposed upon employers (with more than five employees) by The Management of Health and Safety at Work Regulations 1992.

Tony Rees MIOSH is a Freelance Health & Safety Consultant & Senior Instructor with Lantra National Training Organisation Ltd

Further information on training courses and consultancy contact Lantra National Training Organisation Ltd (Jean John on 01282 831973 or Tony Rees on 01686 622799).