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**Welcome to your December newsletter. In this issue, we look at recently-released guidance on how to attract and secure crowd funding. We look at two surveys, one which found that small and medium-sized manufacturers are optimistic about the next three months and another that showed the cost of doing business is far outgrowing inflation. And, in Your Money, we look at data that suggests the traditional inheritance could be a thing of the past.**

## Crowdfunding guidance for small firms

Guidance about how small firms and start-ups can access finance through crowdfunding has been published as part of Global Entrepreneurship Week, which ran from 18-24 November.

Crowdfunding involves people pooling their money, usually via an online platform, to invest in an initiative or idea being run by others. Crowdfunding for businesses usually sees the investors receive some equity in the firm.

The Federation of Small Businesses (FSB) and the UK Crowdfunding Association have released advice on how to access finance through crowdfunding. The advice includes:

- Have a clear business plan to demonstrate the business's potential - show that you've done your homework and researched the market and competitors
- Keep the pitch simple and avoid using jargon - consider using video rather than just a written pitch
- Market the entrepreneurs as well as the idea - investors will want to see that you have a team that will deliver the end product
- Promote you and your venture so the crowd is eager to invest when the pitch goes live
- Don't be overly ambitious with the funding target and don't over value the business.

Recent FSB research found that only 37 per cent of its members were aware of alternative finance

providers, such as peer-to-peer lenders and crowdfunders. A separate survey of 15,000 SMEs across the EU recently revealed that 85 per cent of loans in the last two years had come from banks.

The FSB's national chairman, John Allan, said:

"Most people's first thought about crowdfunding, is pitching on a well-known TV show. If they like your idea, they'll give you some money in return for some equity in your business. While those people get to pitch in person and answer any questions, crowdfunding means pitching online, so getting it right is more important than ever if you're going to succeed in getting finance."

## UK manufacturers optimistic for growth

Optimism among small and medium-sized manufacturers grew at a record pace in the third quarter of this year, according to a survey by the Confederation of British Industry (CBI).

The CBI's latest SME Trends Survey found that demand grew significantly, with 42 per cent of SME firms reporting an increase in domestic orders and 33 per cent recording an increase in export orders. Total new orders increased by 17 per cent in the three months to October.

Key findings include:

- Output increased by eight per cent and is expected to grow by 15 per cent in Q4
- Total new orders are expected to increase by 26 per cent in the next three months
- Optimism about the general business situation rose by 35 per cent and optimism about export prospects grew by 23 per cent
- Employment increased seven per cent and is expected to increase 14 per cent in Q4

The manufacturing sector grew by 1.2 per cent between August and September 2013, according to the latest estimate from the Office for National Statistics.

Commenting on the survey's findings, the CBI's director of economics Stephen Gifford said:

"This has been a positive quarter for small and medium-sized manufacturers, with new orders and output both on the rise, and further improvements expected next quarter."

“Optimism about the general business situation has improved at a record pace, and there is evidence of a general thaw in investment intentions for the year ahead.”

## Business costs rise well above inflation

The cost of doing business in the UK has increased well ahead of the rate of inflation in 2013, according to new research from business group the Forum of Private Business (FPB).

The FPB's latest Cost of Doing Business member survey found that prices for micro, small and medium-sized employers have increased by six per cent this year. The UK's inflation rate currently stands at 2.2 per cent.

Some 94 per cent of respondents said their overall business costs have increased this year. The most commonly-cited reasons for this were increases in the cost of:

- energy
- transport

- marketing
- raw materials and stock.

Other headline findings from the Cost of Doing Business survey include:

- 26 per cent of respondents have less leeway in coping with business costs than last year
- 81 per cent said rising business costs have been detrimental to their business
- 73 per cent have had cash flow issues as a result
- 51 per cent said this has been detrimental to employment levels
- 63 per cent feel that it has restricted their plans for growth.

Late-paying customers had compounded these problems for 59 per cent of businesses and 35 per cent said that red tape and administrative burdens had taken valuable time away from the running of the business.

The FPB's head of policy, Alex Jackman, said:

“As well as positive action on late payment we'd like to see further steps to help small firms with business overheads. We'd like a freeze on business rates and small business multipliers next year. An extension of small business rates multipliers until the end of the current parliament would also be welcome and we'd like to see the government commit to undertaking independent research into business rates.”

## YOUR MONEY

### Traditional inheritance altered?

The traditional inheritance is becoming a thing of the past as more parents choose to give away assets during their lifetime, data from the Office for National Statistics (ONS) has suggested.

The UK's ageing population, alongside rising living and care costs, is also diminishing assets which might traditionally have been passed on to others, it said.

Key statistics show that:

- 1.6 million adults (3.6 per cent of the population) received an inheritance of at least £1,000 between 2008/10
- Half of inheritors received less than £10,000; one in ten received £125,000 or more
- 88.4 per cent of inheritances comprised of money and savings
- Property formed 19.5 per cent of inheritances
- Personal possessions, such as jewellery and collectibles, were included in 12.4 per cent of inheritances.

Lifetime gifts are also increasing in popularity as people look for ways to reduce their inheritance tax (IHT) bill. Lifetime gifts, or 'potentially exempt transfers', are potentially exempt from IHT if they are made at least seven years before death.

IHT is currently due on assets - including anything held in trust and gifts made within seven years of death - valued at over £325,000.

Commenting on the ONS figures, Nigel Waterson, Chairman of the Equity Release Council, said: “For many of us, it is important that we leave something behind for our loved ones, but with the cost of living soaring and our savings dwindling rapidly, this is becoming increasingly difficult.”

“An increasing number of people are moving away from the idea of a traditional inheritance, instead giving money to younger family members to help them pay for university or get their foot on the property ladder.”



**Plan ahead and talk to us about the different options for retirement and estate planning.**

### DECEMBER'S MONEY FACTS

Current bank rate	0.5 per cent
Quantitative Easing total	£375 bn
Current inflation	2.2 per cent