

Call in for a Coffee



In this edition

**Disaster Planning
QROPS**

Introduction

Welcome to RSM's 72nd Edition of Call in for a Coffee. This edition deals with disaster planning; qualified recognised overseas pension schemes for UK Citizens residing in Thailand (QROPS) and a seminar convened by MBMG our new alliance partner.

What would happen if your business was destroyed by fire?

An interesting question and one which all business owners should consider as part of their risk management review.

MOST BUSINESSES CARRY insurance for such events. Do you? This insurance generally includes distinct areas:

- Profits lost from the event. This is usually based on the value of your gross profit as you would usually wish to retain your experienced staff while you rebuild.
- Increased costs of operation during the insurance period. These costs might include additional rental costs of alternate premises; additional advertising to ensure your customers know where you're operating from and to build the business back up once you are fully operational; extra overtime worked by staff once you're operational to catch up on backlogs.
- Claim preparation costs. This can include employing a specialist experienced in this work to prepare the claims and deal with queries from the assessor.
- Replacement plant, furniture and stock.

With current resource consent and building delays many operators are reviewing their length of period over which they insure their loss of profits. Twelve months is a common term of cover but with factors such as these this is now seen to be too short. A recent supermarket fire resulted in reopening one year after the event. However the organisation this company is affiliated to had experienced this catastrophe previously at another site, had full cooperation of the local council to speed things along and could recover market share relatively quickly.

The period of insurance should not just cover to reopening day in many cases as it will normally take some time to regain your customers and volume of business. The values

covered for the remaining areas are also important. These should be reviewed with your broker on a regular basis using their experience and advice.

Now is also a good time to consider a plan of what you would do in the early stages after such an event:

- How will you replace specialist equipment quickly - will this need to be imported, would it be feasible to have backup equipment held elsewhere for key components?
- Where are your computer backups stored and are they adequate to allow recovery quickly. Do they include both software and data. Do you have a guaranteed rebuild time from your IT supplier?
- How would you get communications back up and running. Where would you initially divert your phone and fax lines?
- How would you communicate with your team to ensure they are retained and continue to be motivated to do the best for the company during these stressful times?
- How will you communicate to customers expecting deliveries from you in the near and distant future?
- Are there competitors whom you may contract to provide supply to retain your customer base?
- How will you liaise with suppliers to ensure they continue to support you and have appropriate levels of supply available when you are back to operation?
- What additional staff will you need to prepare claims and liaise with customers and suppliers?
- What short term funding might you need while you deal with the insurer and place claims? Can this be discussed with your bankers so they will be on board immediately?
- While a lot of information is on computers copies of key employee information such as signed employment agreements, applications and file notes, signed key contracts and leases could be held offsite to minimise time and effort?
- Once you are up and running how will you ensure quality control in the early stages and how will you communicate to customers that you want their business back?

Consider working with your accountant and your team to prepare a disaster recovery plan for your business. Knowing what your plan is when an event like a fire occurs can significantly save in costs and personal stress! - Article Supplied by RSM NZ

Qualifying Recognised Overseas Pension Schemes (QROPS) for UK Citizens residing in Thailand.

Subject to certain conditions, UK Citizens may move their pension fund offshore and draw retirement income tax free. Leave it on shore and regardless of where UK Citizens live in the world, a UK Pension Plan will be subject to UK tax.

1. Retirement income can be drawn free of UK income tax from a QROPS, and of Thai income tax, because in Thailand it is offshore investment income and not earned onshore.
2. With QROPS, what is left goes to the estate and is free of UK inheritance tax
3. UK Citizens that have been expatriate for at least 5 years may take a 30% tax free lump sum immediately. In the first 5 years offshore this is limited to 25 %, the same as a UK pension
4. UK Overseas Citizens and their spouse's pension(s) can be placed in the same QROPS. With QROPS income from the age of 50 (age 55 from 2010) can be drawn with no actuarial reduction for taking income early.
5. QROPS protects participants against insolvency risk.

What Advice You Require

UK Citizens with a retirement fund will want the best advice. An Independent Financial Adviser should produce a full report on any pension transfer.

If you are an expatriate with a UK pension fund, and you are confident that you will never return to the UK to live, you would be foolish not to obtain an analysis and report, to at least know your options. The growth figures required to beat a final salary pensions return are remarkably low due to the QROPS tax free status.

It is fair to say that for the professional expatriate this is the largest tax break that you will ever see from Her Majesty's Revenue and Customs (UK equivalent to Thai Revenue Department). If you (and your heirs) can benefit, do not miss this opportunity.

Author Billy Popham, Billy joined MBMG International (RSM's new Alliance Partner) in 2006, after running his own successful Practice of Independent Financial Advisers in the City of London for many years. Email billy@mbmg-international.com or call on +66 (0)81 585 0105

MBMG Seminar

The World's Leading portfolio manager to speak in Bangkok

International speaker Scott Campbell of Midas Capital shares his views and advice for investors

MBMG International is holding a public seminar and strictly limited number of one-on-one meetings, delivered by a leading portfolio manager, which will focus on investing in the current economic climate.

Mr. Scott Campbell, the S&P number one ranked Global Impartial/Active Portfolio Manager, will be in Bangkok, for three days only (4 June-6 June 2008), to offer his expert advice. Mr. Campbell will present his outlook on the global economy, world markets, and investment opportunities. This is a unique and rare occasion to hear an iconic portfolio manager speak in Thailand about the global economic situation.

The main event is our Crisis? What Crisis? Seminar which will be held at The Westin Grande Sukhumvit Hotel on Thursday 5th June at 18.30 hours. The Seminar will include our key note speaker Mr Scott Campbell as well as other business leaders within their fields;

Sam Gibson (Man Investments Australia) How to manage investment portfolios successfully

Janjira Sumanus & Todd Guest (Hamptons International Mortgages Thailand Ltd) How to arrange purchase and funding of Thai property

Paul Gambles (MD MBMG International) Where to get the best deposit rates

Simon Harrall (Scottish Provident International) Special new tax-planning rules for pensions and retirement plans

To attend the seminar or for more information, please contact our Client Services Manager Todd Guest on 02 655 6044 or e-mail todd@mbmg-international.com. Please note that places are limited.

RSM Thailand

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Steven Herring - Senior Taxation Consultant

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Prawit Wipusirikup - Audit Principal

Audit & Assurance

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