BUSINESS PANEL

OUR EXPERTS SHARE THE KNOWLEDGE...

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What is a stock market?

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Raissa Sanchez, trader and market maker at Ravenscroft, replies:

STOCK MARKETS enable companies to raise long-term capital by offering shares (and on occasion corporate bonds) to investors which in turn enables these investors to, hopefully, benefit from the future financial growth and success of the listed company.

It is in effect an aggregation of buyers and sellers and where the listed company's shares can be traded in an organised manner.

The shares of larger companies usually trade through specific stock exchanges such as the FTSE100 (London's flagship Index).

In essence it doesn't matter whether it is shares, livestock or fruit and vegetables; a market is simply the mechanism to allow the possibility of trade between individuals and organisations.

You will often hear reference to the primary and secondary markets.

The primary market is where new issues of shares are first sold through Initial Public Offerings and core investors into IPOs are typically institutions (they in effect underwrite the issue). The listed entity will utilise the working capital raised from an IPO to fund its growth and development. Post IPO, all subsequent trading happens through the secondary market where the trading of shares is in effect the transfer of shares and cash between buyers and sellers.

FTSE stands for Financial Times Stock Exchange and there are in fact currently 101 listings because Royal Dutch Shell PLC has two share classes.

The FTSE100 is the most prominent index in the UK and its 100 constituents represent the largest (by market capitalisation; this being the number of shares issued by a company multiplied by its prevailing share price) listed UK companies. A large number of the listed companies are international and, as such, the index provides global diversification for investors. It is also actually therefore a fairly weak indicator of how the UK economy is faring.

Raissa Sanchez from Ravenscroft explains what a stock market does. **(Picture: Tim Ireland/PA)**

Open planning meetings explained

I'VE been told that my planning application will be decided at an open planning meeting. What does this mean?

Rachel Jones, senior associate at Carey Olsen, replies:

THIS means that your planning application will be decided by the political members of the Development & Planning Authority at a meeting which will be open to the public.

Most planning applications are determined by the planning officers (typically, more than 95%) but in certain circumstances they will be determined by the political members of the DPA. Those circumstances include cases where the application involves a departure from the DPA's established policies, where the application appears to raise particularly contentious or sensitive issues or where an appeal to the planning tribunal, or other legal challenge, appears likely.

As with all other planning applications, the planning officers will prepare a report setting out all of the relevant planning policies and considerations, a summary of any representations received from third parties, a summary of any consultation responses received from other organisations or States departments and a recommendation as to whether planning permission should be granted.

This report is published on the States' website (together with the agenda for the meeting) five working days before the meeting is held.

At the meeting, the planning officers will introduce the application and explain their recommendation and then the speakers will be heard. First, any person who submitted a representation in writing and who has also notified the planning service of their intention to speak (in both cases, within the required timeframes) will speak for their allotted time (a maximum of four minutes each).

The applicant and/or their agent are then given the opportunity to speak.

The political members then debate the application and ask any questions of the officers before making a decision. They may not agree with the officer's recommendation but in such circumstances, they must be very careful as any disagreement must be on the basis of relevant material planning considerations. Members must take special care to ensure that clear reasons are given for any disagreement and their decision. Failure to do so could leave the DPA's decision open to legal challenge.

Family can get a lump sum from RATS pension upon member's death

I HAVE a retirement annuity trust scheme and on my death I'd like my wife and children to receive whatever is left as a lump sum payment, is this possible?

Sean Gillease, business development manager, Sovereign Trust (Channel Islands) Ltd, replies:

YES, it should be possible for a lump sum of the remaining balance held in your pension to be paid to your wife and children. However, the tax treatment of this type of payment may differ depending on whether or not you've received any benefit from your retirement annuity trust scheme during your lifetime.

The Guernsey pension rules set out how benefits can be paid in the event of a pension member's death and this differs subject to whether the individual member has received any form of pension benefit themselves during their lifetime.

If a member of a retirement annuity trust scheme dies before they have taken any benefit from their pension, it should be possible for either a tax-free lump sum to be paid to the member's nominated beneficiaries or for an annuity to be payable to the member's nominated beneficiaries, which will be taxable according to the recipient's personal circumstances.

If a member of a retirement annuity trust scheme dies after they have taken any benefit from their pension, it should be possible for either an annuity to be paid to the member's nominated beneficiaries, which will be taxable according to the recipient's personal circumstances, or a lump sum can be paid to the member's nominated beneficiaries. However, this lump sum payment would be subject to 20% income tax which would be withheld prior to payment by the trustees.

You will need to liaise with the trustees of your retirement annuity trust scheme to clarify exactly what options are available upon your death and you should provide them with your 'expression of wishes' to ensure they understand how you would like any remaining funds to be distributed and who they should be paid to. You should also consult with your financial adviser and/or tax adviser to ensure that your instructions are made in consideration of your overall long-term financial planning objectives.