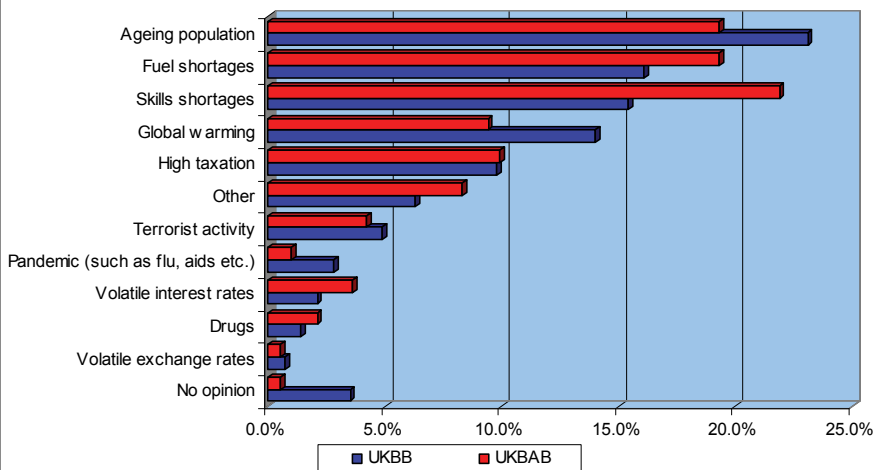


Ageing population is biggest threat to economy over next 10 years, say businesses—Advisers beg to differ.

Respondents to the UK Business Barometer, think that Britain’s ageing population will become the single biggest threat facing the UK economy over the course of the next decade. Advisers placed that particular option in second place along with Fuel shortages and, out of the ten choices offered, voted Skills shortages as their greatest threat.

In your opinion, what is the biggest threat facing the UK economy over the next 10 years?



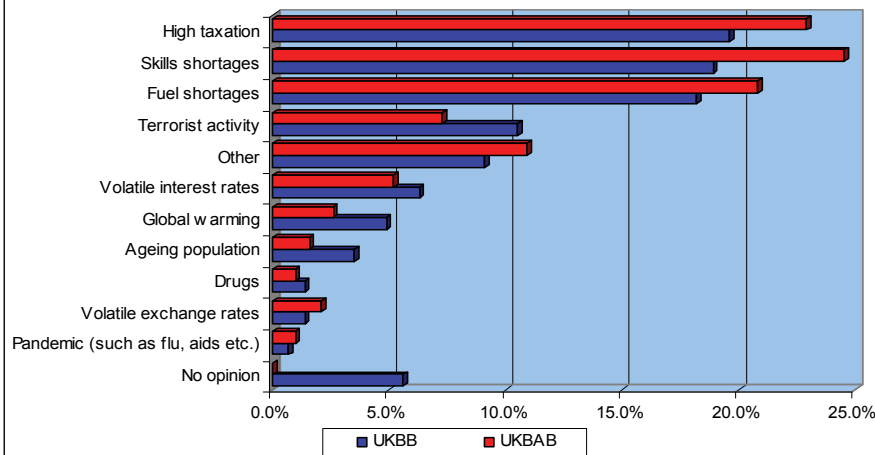
The panellists’ view:

Several respondents made use of the survey feedback/ comments facility to set out their own ideas on threats to the economy. Amongst these were personal debt (in both shorter and longer term), poor quality business management (shorter term), increasing regulation, and the scale of immigration (longer term). One panellist commented that some components of the lists could be seen as opportunities rather than threats.

And, in the shorter term...

Both UKBB and UKBAB respondents placed the same threats in the top three in the shorter term, although advisers placed skills shortages above high taxation and both put fuel shortages in third place.

In your opinion, what is the biggest threat facing the UK economy over the next 2 years?



UK

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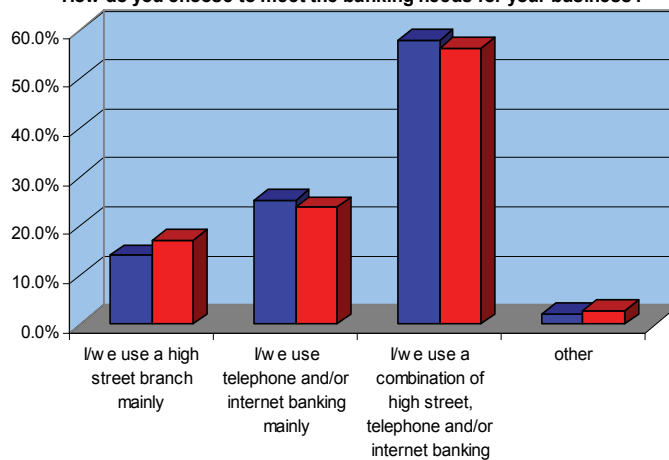
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> KEYNOTES FOR JULY 2006 BAB47

High Street, Telephone, Internet— what is your preferred method of banking?

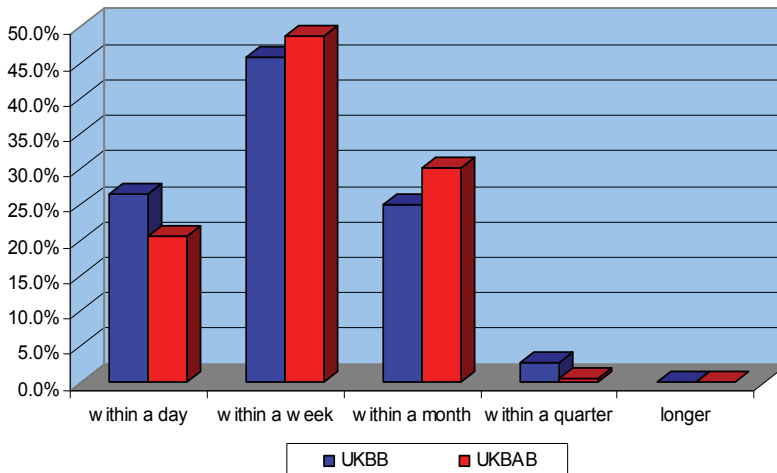
When asked how panellists use their banks, 14% said that they mainly use a high street branch while 25% mainly use telephone or internet banking. 17% of UKBAB respondents mainly use a high street branch, 24% of them mainly bank via telephone and/or internet banking. In both surveys over half of respondents use all three approaches: 58% of UKBB respondents and 56% of UKBAB respondents.

How do you choose to meet the banking needs for your business?



after adjusting for 'not applicable' responses: UKBB 1%; UKBAB 6%

How quickly are you likely to become aware of a discrepancy in your firm's bank balance?



after adjusting for 'not applicable' responses: UKBB 2%; UKBAB 8%

How often do you check your bank balance?

With the advent of online banking, immediate access to bank statements became available at any time of day. 26% of UKBB respondents and 21% of UKBAB respondents say they are likely to become aware of any discrepancy in their firm's bank balance within a day, with a further 46% from the UKBB and 49% from the UKBAB putting the timing at within a week.

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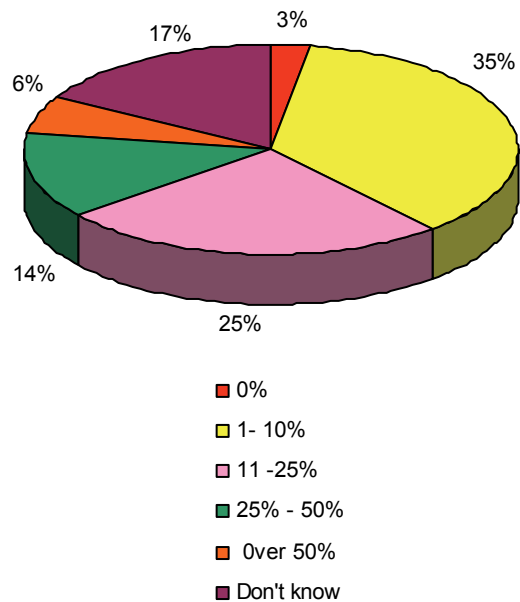
> KEYNOTES FOR JULY 2006 BAB47

Graduate clients

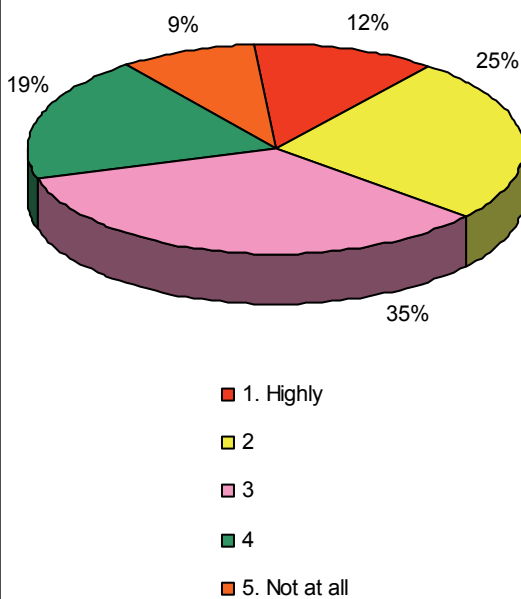
Changing work patterns and fewer large corporation career structures mean that recent and future graduates must look to less traditional areas for employment over their lifetimes. Higher education institutions have been providing more direct courses and other support to help graduates seriously consider self-employment and starting up new businesses as the way forward.

In the July survey, advisers were asked what proportion of clients now are graduates. Very few see no graduates and just over a third think that up to 10% of clients are graduates. One quarter of respondents say that between 10% and 25% of their clients have degrees, while 20% believe that over a quarter of their clients are graduates.

What proportion of the clients that you advise are graduates?



To what extent do you feel able to advise clients on staff wages and salaries?



Do you feel able to give advice on wages?

Advice on wages and salaries covers a wide area, from advising on rates of increases to pay packets or rewards, to compliance with legal requirements. 37% of responding advisers feel highly, or relatively highly, able to advise in the area, while 28% have little or no capability in this respect.

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> QUESTIONS FOR JULY 2006 BAB47

- Q1.** In your opinion, what is the biggest threat facing the UK economy over the next 2 years?
- Q2.** In your opinion, what is the biggest threat facing the UK economy over the next 10 years?
- Q3.** In your experience, to what extent has there been a change in the number of companies engaging in Research and Development in the last 3 years?
- Q4.** How often do you use internet search engines such as Google/Yahoo for business purposes?
- Q5.** When checking the results of a search, do you look beyond the first page?
- Q6.** What proportion of the clients that you advise are graduates.
- Q7.** To what extent do you feel able to advise clients on staff wages and salaries?
- Q8.** In your experience to what extent is the use of staff incentives such as Monetary Performance bonuses, Share ownership schemes and non financial incentives such as holidays common practice amongst your clients?

- Q9.** Some major banks announced recently that they are to open new branches in Britain's high streets. To what extent is the physical location of your bank important to you?
- Q10.** How do you choose to meet the banking needs for your business?
- Q11.** How quickly are you likely to become aware of a discrepancy in your firm's bank balance?
- Q12.** Generally, to what extent do you think businesses should tolerate late payment before terminating a contract?

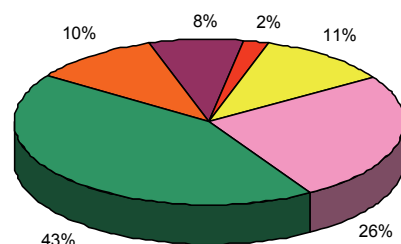
If you have a suggestion for a future question, please contact us via the email addresses given below.

Thank you.

The use of staff incentives amongst clients

Staff incentives such as monetary performances bonuses, share ownership schemes and non-financial incentives such as holidays are thought to improve business performance and motivate staff to work harder and more loyally for their firm. Amongst our panellists, the results show that staff incentives are not generally widely used by their clients, with only 13% reporting that they are common practice amongst their clients to a high or relatively high extent, and 53% saying the opposite.

In your experience to what extent is the use of staff incentives common practice amongst your clients?



- 1. Highly
- 2
- 3
- 4
- 5. Not at all
- 6. Don't know



The Barometer Project Team:

Rick Eagles t: 0115 8466860
e: rick.eagles@nottingham.ac.uk

Liz Rose t: 0115 8466189
e: liz.rose@nottingham.ac.uk

Greater transparency of business needs as observed by the adviser community