

Noble News

News & Information from Noble & Associates

4th Quarter 2006



Noble & Associates

ACCOUNTANTS & BUSINESS ADVISORS
ABN 74 202 576 199

Protect your business against identity fraud

Identity fraud is an ever-increasing problem. The Australian Institute of Criminology estimates the cost in Australia ranges from around \$2 billion to \$6 billion per year.

The problem of individual identity fraud is relatively well-publicised. Known methods used by criminals to obtain sensitive information include searching through rubbish bins to find discarded bank statements; intercepting mail; copying credit cards during a transaction; and so-called 'phishing' scams, which involve sending emails which look as though they have come from a bank or similar organisation, and asking customers to 'confirm' their details by return email.

But businesses are also at risk, and as well as the potential financial damage, corporate identity fraud could ruin a company's reputation.

Corporate hijacking

There is a growing trend of corporate 'hijacking', with fraudsters registering as company directors and then purchasing goods and services from suppliers, which they have no intention of paying for.

A common method used by the criminals involves accessing registered company records, changing the details of the company directors and

registered address, and using the stolen identity to order goods, which are then intercepted at the fake address. Criminals can also make use of publicly available company bank account details and signatures for fraudulent purposes.

Reducing the risk

Clearly, it makes sense to minimise your exposure to an identity fraud risk.

Businesses can help to protect themselves by putting in place the following procedures:

- Storing sensitive documents in a secure place
- Shredding documents before disposing of them
- Routinely checking the registered company details of high value customers at the Australian Securities and Investments Commission regularly, to ensure that they have not been changed
- Ensuring staff are aware of the issues surrounding identity fraud, and limiting access to sensitive information to key staff
- Checking customers' credentials before extending credit to them
- Reducing the risk of electronic hijacking by ensuring that firewall and anti-virus software is up-to-date, and only opening legitimate email attachments
- Keeping key company bank account details out of the public domain.

KEEPING YOU ON THE RIGHT TRACK

We can help your business and your personal finances to stay on the right track
Call us now and we'll arrange a meeting to discuss:

- Strategies to help your business improve its efficiency and profitability
- Reducing the burden of taxes on your business
- The tax issues that affect you and your family
- Maximising your wealth
- Retirement planning strategies for you and other family members

Noble & Associates

LEVEL 1,
52 DAVIDSON TCE
JOONDALUP WA 6027

•
TEL (08) 9400 7400

•
FAX (08) 9400 7444

•
E-MAIL
info@nobleaccounting.com.au

•
WEBSITE
www.nobleaccounting.com.au

•
PARTNERS
Andrew Noble
Audrey Tooze

Accounting & Taxation,
Self Managed Superannuation
Funds,
Budgets & Business Plans,
Rental Property & Property
Development Specialists

IN THIS ISSUE

Taking Control

◆
Seven cost effective ways
of keeping your staff

◆
A simpler accounting
method for restaurants,
cafes and caterers

◆
Review:
Delivering Knock
Your Socks Off Service

Beware of scam using Tax Office Letterhead

Employers are being warned to be on the look out for bogus Tax Office letters seeking personal information about their employees.

The letter indicates that the employer is being audited, and asks them to provide personal information about their workers.

This includes employees' names, date of birth, addresses, sex, tax file numbers, gross annual salary, and Australian citizenship details.

The letters state:

'The Australian Taxation Office (ATO) has the responsibility under the Workplace Relations Act 1996 (the act) for ensuring federal awards, agreements and legislation are observed...'

These letters are not legitimate as the Tax Office does not administer the Workplace Relations Act.

Please contact this office immediately if you have received this or a similar letter.

Source: Australian Tax Office

Claim for Travel Expenses

A travel diary is generally not required to substantiate domestic or overseas travel, which involve fewer than five night's absence.

- When accounting for travel keep in mind that written evidence of expenses is generally necessary and the travel must be for business purposes.
- If an allowance is received and the claim is less than the allowance or the prescribed limits, substantiation for meals and accommodation would not be required.
- Limits are prescribed annually by Australian Taxation Office which give maximum costs by major city for accommodation, breakfast, lunch, dinner and sundry costs.

Taxation deductions up to these amounts can be made without the need for written evidence, but a diary will be needed to establish which location was visited.

Gifts can create Capital Gains

Sometimes parents give away property without realising that a Capital Gains liability might occur.

If you sell or give property to family or friends that is not your main residence, there will be a disposal for Capital Gains Tax purposes. Whether or not there is a profit and tax to pay on the transaction depends upon the market value and the costs of ownership of the property.

It is quite common for a previously rented property to be given to children in contemplation of marriage or in the event that their family grows and parents want to assist. Unless this transaction occurs at market value, Capital Gains Tax rules will require market value to be substituted for the actual value used for the transaction.

In additions, if this was a rental property, not only is there no longer any rent on the rental property, but there could be Capital Gains Tax and to pay an no money available. An embarrassing cash shortfall may have occurred because of the best of intentions, but a failure to discuss the matter with your tax or financial adviser.

Taking Control...

The economy has been on a roll and small business has undoubtedly contributed in a very big way to keeping the wheels of commerce moving. As the current strong economy slows down, the key for business survival is to recognise the key indicators of problems so that you respond quickly before the company's cash reserves dwindle. Essentially, you need to take control of your business data today to ensure you can survive the difficulties of tomorrow.

Whether the economy is booming or slowing down, here are some clear indicators of pending business problems that an owner/manager needs to identify and respond to quickly.

Expenses

Typically a business will get into trouble when it fails to control its expenses. Constantly monitor expenses, noting any increases and changes in the ratio of expenses to sales. Increases in specific expenses with no corresponding increase in sales or decrease in other expenses may be signs of looming difficulties.

Accounts Payable

Suppliers normally require payment 30 to 45 days after delivery of goods or services. Constantly juggling payments to suppliers while a stack of unpaid invoices builds up is a sign that problems are on the horizon.

Line of Credit

Using the company's line of credit or other means of borrowing is necessary when you need to cover unexpected expenses or shortfalls in cash availability. However, if you are constantly borrowing from the line of credit and never seem to be able to reduce the line to a zero balance, this may be a danger sign. A business that uses its maximum line of credit on a permanent basis will face a severe cash shortage if circumstances suddenly change.

Taxes

If the company regularly fails to pay GST corporate or local taxes on time, it is using withholding or accrued tax liabilities as a monetary hedge. This is usually a sure sign that a business has experienced difficulties in the near past and has "borrowed" against the liability.

Sales

If sales are down, management needs to look at other indicators as well. If costs are also down but inventory, accounts payable and accounts receivable are all under control, it is conceivable that the company is doing just as well with fewer sales. Analyse sales in view of the quality and type of sale. If maintaining the same dollar value of sales means the quantity of sales is increasing or contracts are smaller, it is a good time to ensure that the costs stay in line so that expenses do not exceed the norm and run the business into difficulty.

However, if your business must make sales at any cost, this is certainly a clear signal that you need to review your position. For example, if sales are made at below cost simply to record a sale or to improve cash flow in the short term, the business has already entered the emergency ward and is in need of immediate attention.

Review Key Financial Data

Regularly take time to review your key financial data on a regular basis so that you are constantly alert to potential problem areas. Your chartered accountant can assist you with interpreting financial data, monitoring your financial management and finding ways you can improve your ability to sustain the business into the future.



Seven cost effective ways of keeping your staff

Finding and training new employees can be a disruptive, costly and risky process, so reducing staff-turnover is a priority for many businesses. But how can you encourage your current staff to stay with the company without causing too much damage to your bottom line?

Here are some essential tips to help you keep your staff, and your profit:

STAFF TIP

Before hiring a new staff member consider the requirements of the job being filled.

What kind of personality, experience and education are needed? To determine these attributes, sit down and do a job analysis covering the following areas:

- The mental/physical tasks involved (ranging from judging and planning to cleaning, lifting and welding)
- How the job will be done (the methods and equipment to be used)
- The reason the job exists (including an explanation of job goals)
- The qualifications needed (training, knowledge, skills and personality traits)

1. Offer non-financial rewards

There are ways to reward staff other than just pay rises and bonuses. You might publicly reward achievements with a presentation and prizes such as a meal at a good restaurant, or offer other perks like a bonus day off for a special occasion or even healthcare 'freebies'. Free flu shots for everyone in the company, for example, might save you more than their cost in reduced absenteeism.

2. Know your staff

Ensure that your employees understand their role and are capable of fulfilling it, and that they are given the opportunity to use their individual talents to full advantage. Find out what their ambitions are, and seek to help them achieve them with you.

3. Take training seriously

Devise a detailed staff development plan. As well as providing employees with up-to-date skills, this also has the benefit of maintaining interest levels, thereby increasing productivity.

4. Actively encourage communication

This is a key factor in creating a positive and productive working environment. Research shows that employees who feel that their input is valued are more likely to demonstrate loyalty. Be open about the company's goals and welcome ideas from staff. Regular staff meetings and appraisals will provide you with useful feedback on your policies and training programmes. This is free, easy to implement and can help to improve profits.

5. Promote from within

Promoting staff internally is cost-effective, and will encourage your best performers to remain loyal, knowing that there are opportunities to progress with your company.

6. Create a comfortable environment

Comfort in the workplace should not be an optional extra. If you want people to enjoy coming in to work, make sure that the office is at an appropriate temperature and that comfortable seating and good lighting are provided.

7. Be flexible

Try to accommodate the needs of your workers. Demonstrate that you have a positive approach to diversity in your workforce, including issues of age, race, gender, and parental obligations. A flexible attitude to working hours will also discourage absenteeism and help prevent staff from looking around for an alternative employer who will better meet their work-life balance requirements. Consider introducing job sharing - a method of reducing dependence on a key person and at the same time be seen as a flexible and accommodating employer.



A simpler accounting method for restaurants, cafes and caterers

A new simplified GST accounting method (SAM) will allow eligible restaurants, cafes and catering businesses to quickly and easily calculate their GST credits on trading stock purchases.

From 1 October 2006, a new legislative determination -- will allow restaurants, cafes and catering businesses to use a new SAM called the purchases snapshot method.

To be eligible to use the purchases snapshot method, restaurants, cafes or caterers must have an annual turnover of \$2 million or less (excluding GST) regardless of whether the business uses point-of-sale equipment.

This new method does not replace the existing snapshot simplified accounting method that some food retailers currently use.

Source: Australian Taxation Office

Delivering Knock Your Socks Off Service

**By Performance Research Association
Sell for around \$19.95**

Customers today are smarter and more demanding than ever before - and with so many choices available, repeat business is at greater risk than ever before.

The fourth edition of this customer service classic still delivers the proven Knock Your Socks Off formula, and has been updated with all new techniques that will help anyone successfully work with even the most difficult customers.

Featuring brand-new chapters on important topics such as understanding cultural and generational differences in customers, plus fresh anecdotes and never-before-seen illustrations by cartoonist John Bush, this indispensable guide shows readers how to create a true and lasting "Service Advantage."

Written in the same accessible and humorous style that made this book a best seller, the new edition provides tips and strategies to help readers:

- Meet customers' expectations and satisfy their needs
- Become easy to do business with
- Determine the right times to bend or break the rules
- Become fantastic fixers and powerful problem-solvers
- Cope effectively with "customers from hell."

The book also contains some great tips in creating trust in an unsecure world.

This book is an easy to read guide for anyone wanting to build a business based on customer service excellence.

Business and personal planning need not be left until the end of the tax year - talk to us now about tax and financial strategies for you and your business.

We are sometimes asked if we are able to help additional clients. We are a growing firm and do appreciate your referrals. We consider it a compliment when you recommend us to your friends and business contacts.

WEB WATCH ESSENTIAL SITES FOR BUSINESS OWNERS

Fraud Protection www.scamwatch.gov.au

SCAMwatch is a site to help you recognise, report and protect yourself from scams. Explore SCAMwatch to find out more about scams that target you or your small business.

Small Business Issues www.entrepreneur.com

A great support tool for anyone running a small business on their own.

Customer Service www.customer-service.com/

Ideas, skills, tools and products to keep your customers, improve the morale of your employees and turn your company into a more efficient and productive organisation.

REMINDERS FOR YOUR DIARY

November

- 11 Activity statements Quarter 1 (July–September 2006) activity statements: final date for electronic lodgment and payment.
- 14 Reasonable benefit limits (RBL) reporting – all RBL reportable benefits paid in October 2006 must be reported to the Tax Office on or before this date.
- 21 Activity statement – October 2006 monthly activity statements: final date for lodgment and payment.
- 28 Superannuation – Due date for lodgment of a superannuation guarantee charge statement – quarterly and payment of the superannuation guarantee charge for quarter 1 (1 July–30 September 2006).

December

- 1 Income tax payment due date for companies and superannuation funds which were taxable large/medium business clients in the immediate prior year.
- 1 Income tax payment due date for companies and superannuation funds which were required to lodge by 31 October 2006.
- 14 Reasonable benefit limits (RBL) reporting – all RBL reportable benefits paid in November 2006 must be reported to the Tax Office on or before this date.
- 21 Activity statements – November 2006 monthly activity statements: final date for lodgment and payment.

January

- 14 Reasonable benefit limits (RBL) reporting – all RBL reportable benefits paid in December 2006 must be reported to the Tax Office on or before this date.
- 15 Income tax due date for lodgment of income tax returns for companies, superannuation funds and trusts which were taxable large/medium business clients in the prior year and are not required earlier.
- 21 Activity statements – December 2006 monthly activity statements: final date for lodgment and payment.
- 21 Activity statements – Quarter 2 (October–December 2006) consolidated instalment activity statements: final date for lodgment and payment by a head company of a consolidated group.
- 21 Activity statements – Quarter 2 (October–December 2006) activity statements containing a monthly GST obligation: final date for lodgment and payment.
- 21 Superannuation – Last day for superannuation guarantee contributions to be made to a superannuation provider for quarter 2 (1 October–31 December 2006).