



Welcome to another edition of the Stone Consulting Newsletter.

Detecting Theft in a Small Business - by Donna Stone

“It won’t happen to me” is the song so many of us sing when it comes to theft, loss, accidents or anything that’s particularly unpleasant. But the fact is that 80% of small business in Australia, during the business life, will be hit by employee theft or fraud with the median loss being \$98,000. Analysts believe that internal theft is a primary cause of a large percent of business failures. Here are some tips on how to **detect** theft in your business. Each of these items on their own **does not** automatically correspond to there being theft; they are just indicators – the majority of employees are honest; but you should keep your eyes open.

General business indicators:

- Missing records or gaps in number sequences (ie shopping dockets, orders or job/invoice numbers being skipped)
- Missing stock, inventory or merchandise
- Unlocked exits, especially at the back of the business
- A large number (dollar value or volume) of credits in the books
- Your business takes in a fair amount of cash, but has virtually no reconciliations in place
- Financial reports are rarely provided – although an excuse is always provided.
- You are working “like a dog”, have heaps of work on, but just don’t have any money
- Downturn in your bottom line (or change in ratios) – don’t automatically blame the economy
- You are a business with a turnover of \$1.2-2 million
- You have 1 office person handling purchasing, invoicing, receipting, banking and book work
- The business owner is so busy, doesn’t have time to check things (and staff know this)
- The business owner is trusting; in fact they think of their staff as like their family.

Specific indicators about the staff member:

- Shows signs of alcohol or drug abuse (or is a gambler, which may be harder to detect)
- Displays abrupt changes in emotional behaviour
- Complains a lot (and often they are planning on leaving your employ)
- Defensive or hostile when asked about their work
- Says “sure” then you ask for something, but you never get that information
- Overly diligent, want to do everything, even tasks normally they would not need to
- Won’t take holidays (because this is frequently when theft is discovered)
- Work long hours, especially outside normal business hours
- Puts things away when the owner enters the room; like they are hiding something
- Grab the mail (as naturally they don’t want others to see what’s happening)
- Parks near exit doors (for easy access to steal stock out the back door)
- Appears to be living beyond their means.

It’s believed that 25-40% of staff will steal at some point; it might be only a box of pens, or with a mechanic this year it was \$480,000 in cold, hard cash. If you feel something is not right, keep your eyes open, get financial reports (even if you have to learn the computer system to do so), and ask an independent such as your accountant to review your figures and start checking things like your bank and credit card statements. If you spend an hour a week monitoring your business, checking your financial reports and being attentive, would this be worth saving \$480K in theft? Discovery can be devastating; but not as much as your thriving business going under.



What is a Will and Why do you Need One? – Jon McCarthy – MDRN Solicitors

A Will is a legal document that sets out how your property is to be divided after your death and appoints a person to do it.

Anybody who owns an Asset may need a Will even if you are only 18 years old.

A Will ensures that when you die your family members are properly provided for, avoids lengthy court battles over “who gets what” and may also avoid your family from suffering additional distress in settlement of your estate.

Reviewing your Will is particularly important when life circumstances change. We recommend you review your Will every three to five years to ensure that it still reflects your wishes. For example, it may be necessary to change your Will if any of the following occur:

- Marriage
- Divorce or separation
- Enter into a defacto relationship
- Birth of children or grandchildren
- Death of your executor or a beneficiary
- Change in your financial circumstances

Wills are only simple if your affairs are simple – these days most people’s affairs are anything but!

A Solicitor finds out about you, your family and your affairs and then makes a Will to fit those circumstances and your wishes.

When you consider that a Will is a document that disposes of all the assets that you own or control at an unknown moment in time in the future in circumstances that could be quite different from now and when you are not around to make your wishes clear or to solve uncertainties then you can see that great care must be taken.

About the author

Jon McCarthy, senior director of MDRN Solicitors has over 31 years experience in providing Legal Services, so contact your local experts today on (07) 3370 5100.

Introduction – Karen Sandes

Growing up through a number of family business ventures and with 20 years bookkeeping experience, I can attest to the crucial importance of accurate and up-to-date bookkeeping. Newly recruited, I join the successful Stone Consulting group as an accredited bookkeeper with a recently completed Certificate IV in Financial Services. I am a member of the Institute of Certified Bookkeepers and will shortly begin further tertiary study in the Diploma of Accounting. I look forward to working with you.



Ethical Investing – by Julie Smith

What is Ethical or Socially Responsible Investing?

This could be described as where an Investment fund chooses only to invest in very select criteria that will support certain products, services that they believe are ethically correct.

There are two ways fund managers choose the stock that make up their funds. This can be either “deep green” or “light green” screen.

Deep Green Screen will invest in assets of such companies that produce renewable energy and will purposely not invest on companies that they believe will cause them harm, say tobacco and alcohol companies; this can also be referred to as negative screening. An example is Australian Ethical Investment Equities Trust; they invest in a range of ethical investments in Australia and overseas.

Light Green companies look more at investing in environmentally-friendly investments, and avoid companies that they believe are damaging to us. They pursue green and sustainable policies. This is referred to as Positive screening.

Louise O'Halloran, executive director, of the Ethical Investment Association says “you can look at opening savings accounts with such institutions as MECU and Bendigo Bank. Conversely if you need to borrow, why not consider taking out a green loan?” This is just one way you may be able to make your choice.

So when investing, it is important to do your research and compare funds if you feel strongly about a cause. A good place to start is the Ethical Investment Association which details the investment strategies of ethical and sustainable funds that have been certified through its certification program. And as in anything, do seek professional advice from an accredited adviser. I have enclosed a few websites to browse through if you wish to know more.

Just some food for thought in this ever changing world.

Ethical Investment Association – www.eia.org.au

Ethical Investor – www.ethicalinvestor.com.au

Introduction – by Toni Hamill

Hello, my name is Toni Hamill and I am 15 years old. I have just recently been employed at Stone Consulting as an Office Junior. As an Office Junior my position involves many things such as filing paperwork, backing up data files and archiving. Here at Stone Consulting it has a very nice, friendly atmosphere and everyone works as a team and helps each other out. I am looking forward to my last year at high school next year and I am hoping to finish next year off with good grades to start psychology at university. Some of my favourite subjects are Economics and Legal Studies which I am really enjoying at the moment. I am very interested in reading novels, my favourite sports are netball and basketball and I enjoy dancing and relaxing at the beach.

TIMELY THOUGHT - Now is the time to amend your invoice and statement templates to send Christmas greetings to customers, or even to staff on their payslips. Unsure how? Just ask.

● MYOB ● PREMIER ● BUSINESS BASICS ● MICROSOFT WORD ● EXCEL ●



Keeping Financial Institutions Honest – Karina Thew

All too often in bookkeeping I see financial institutions charging obscene amounts of money for bank charges on overdrafts or honour fees, interest etc. To avoid losing money keep an eye on your bank accounts to ensure you always have sufficient funds in your account to cover your transactions.

So you can gauge how much money you are wasting in fees and charges ask your bookkeeper to give you a quarterly report on fees, then use this information to shop around, you never know you could get a better deal elsewhere... in saying this I understand that generally there is a great deal of “extra” work that needs to go into changing banks but, isn’t the money better in your pocket than theirs? If you don’t talk with your feet, what keeps them honest?

Similarly with credit cards, the interest on these can set you back thousands per month if you have a few credit cards, shop around for the best interest rates and you may even find some banking institutions may offer a zero interest rate on the transfer of balances just to get your business. You could save hundreds per month!

Got a Facebook Addiction? Try the FB diet – by Barbara Coleman

Facebook is a brilliant online social media tool that can help you reconnect with friends, colleagues and associates, deepen existing relationships, promote your business, share resources and manage your communications. Although Facebook can make you more productive, you need to monitor and restrict your use on online social networking systems.

Below are 5 of 12 top strategies to avoid the productivity trap (*stay tuned for the remaining 6 top strategies in our next issue*):

Determine purpose - Can you articulate why you have a Facebook (FB) account? Do you want to promote your business or your clients? Do you want to reconnect in a cheaper, faster, more efficient way? Whatever your reason, be clear about what you want to use it for.

Go on a FB diet - Just like you allocate a certain number of meals or calories per day, limit your time on FB. You might determine that 60 minutes per day will work for you - 30 in the morning and 30 at night. Determine how many minutes per day you will invest.

Use positive language - Always ensure your status updates, items posted and photos are all positive. If you don’t want grandma seeing those photos, don’t post them!

We don’t care what you ate for dinner - Stop providing status updates on what you just ate, your ‘friends’ don’t care. Use the status updates to share a bit of yourself, your business or promote a client, that’s productive.

Repost great stories and ideas - Share resources, recommended articles, photos, posts and blog entries of your colleagues, clients and friends. It helps them and adds value to your page.

Reference: www.womensnetwork.com.au **Author:** Neen James



Tax Implications of your Investment Properties (Part 2) – by Lizzie Julian

'MGI Accounting Professionals' have given some great advice on what can & can't be claimed when it comes to rental properties as this is often an area that is misunderstood.

Here are a few common mistakes people make when claiming deductions on their investment properties:

- Not splitting the deductions on a holiday home between private use & when it is genuinely available for rent;
- Claiming structural improvements, like remodelling a kitchen, as repairs rather than capital works;
- Claiming the interest on a loan that was used partly to purchase the property, but also used for e.g. to purchase a car etc. The percentage of the amount used for the car will not be deductible.

Finally, not all legal fees are deductible. The legal costs to purchase the property, or resisting resumption, or resisting an action by a mortgagee to repossess the property are all considered capital and increase the cost base of the property for the calculation of any capital gain if the property is sold.

Legal fees for the preparation of a loan document can be claimed as borrowing expenses.

Borrowing expenses also include bank establishment fees, mortgage insurance protection, any stamp duty on the mortgage and the broker's commission.

If you would like any further information or assistance with what can & can't be claimed on your Investment Properties, please don't hesitate to contact us at Stone Consulting.

MYOB Tip – Professional or Time Billing Invoice

You can set up all customer cards so that they default to a particular invoice type and income account. Go to the customer's card in question; click the selling details tab and select a default sales layout and income account. That way, the correct income account and layout comes up automatically every time you create a sale to this customer.

STOP PRESS:

The ATO are now accepting payments by credit card for tax liability between \$10 and \$10K. This is a trial and it seems like they will be charging a fee for the service, which you will be advised on, before payment is processed.



If you have any issues or questions which you would like answered in the upcoming newsletter; please email your question to Donna directly. Should you need any assistance with this; or any of the above matters – feel free to contact us:

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Cheers

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