



Make sure your workplace is safe

Michael Foxman, RiskWise



Chartered Accountants Business in Focus
Monthly audio program

August, 2010

charteredaccountants.com.au/training



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For owners and operators of small and medium businesses in Australia – along with all other citizens of voting age – it's once again a time of uncertainty. How will the forthcoming Federal election play itself out? Who will win, and what sort of economic and business environment can we expect as a result?

At this stage, it's too early to provide meaningful answers to those questions, so we've decided to stand back from the electoral hurly-burly. We'll bring you considered advice from our experts, including Professor Neville Norman, next month, when the picture's clearer.

Michael Foxman, from RiskWise, one of Australia's leading workplace safety companies, takes us through the essential steps employers and their staff need to take to ensure a safe workplace.

Chartered accountants in auditing need to familiarise themselves with new Clarity Standards, specially for Self Managed Superannuation Funds. So advises chartered accountant, Susan Orchard of GAAP Consulting. She explains on this program.

Public speaking remains daunting, indeed terrifying, for some people but Julianne Bell of Financial Writers Australia has hints on winning presentations.

And for professionals daunted by auditing, a new guide is available. It's a book written by Jay Chander of Capstone Business Improvement & Assurance. He outlines his publication and the thoughts behind it.

And we'd like to introduce our new iPhone application, "Business Inspirations". It's a collection of inspirational business quotations from successful people, much like our Quote of the Month which we introduce at the end of this program. Each day a new quote automatically downloads on your iPhone and you can play it as often as you like until it updates in two days. There's a link to download the app on our homepage at www.be.com.au.

We hope you enjoy this edition.

Regards,



Nick Schildberger
Managing Director



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COMING TO GRIPS WITH WORKPLACE BULLYING

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Her book "Bully Blocking At Work"
is available from www.aapbooks.com
for \$29.95 plus \$5 postage and handling



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THE ESSENTIALS

August 2010

Track 2

CLARITY AUDITING STANDARDS FOR SMSFs

Susan Orchard CA, GAAP Consulting

- The Clarity Auditing Standards involve the revision and re-issue of 41 Auditing Standards. All audits including SMSFs are impacted
- Standards have been restructured. Some guidance material has been raised to mandatory status
- The changes take effect on a sliding scale: for funds created between 1/1/2010 to 30/6/2010, effective 30/6/2010, for funds created before 1/1/10, new standards are effective 30/6/2011
- You must become familiar with new requirements, update quality control manuals, ensure work programs correctly address the requirements and review audit documentation to ensure it is complete
- Main areas of change relate to: reporting, client documentation, and fraud considerations

Track 3

HOW TO DELIVER WINNING PRESENTATIONS

Julianne Bell, Financial Writers Australia

- Very few people are gifted with natural talent in this area. Speaking in public is a skill which requires practice
- Joining Toastmasters is an excellent way to become a more confident public speaker. And it's fun
- Work out what presentation style works best for **your** personality. Don't copy others
- The best way to overcome nerves is to practice, practice, and then practice
- Have a clear understanding of who will be in your audience. The golden rule is "know thy audience"
- Never "roll out" the same presentation to different audiences – it's a recipe for disaster
- Once you have worked out your desired outcome, focus on one key message
- Put your own personality into your script.
- Notes should always be bullet point prompts, not word for word. This allows you to adlib. Relax and remember to breathe!

Track 4

MAKE SURE YOUR WORKPLACE IS SAFE

Michael Foxman, RiskWise

- Workplace safety covers a variety of issues: environmental aspects, unsafe working conditions or processes, drug or alcohol abuse and workplace violence
- The company culture and individual values are crucial to setting the right standards to maintain a safe workplace
- Things that need attention are: providing personal safety equipment and maintaining it, creating and disseminating operational manuals, establishing hazardous material handling policies and developing drug and alcohol testing programs
- Counselling services and safety training programs are also helpful in ensuring the physical and psychological safety and wellbeing of everyone in the workplace
- Accidents will happen if management hasn't ensured that workers are working in a safe environment, or employees have failed to comply with safety instructions
- The duty of care applies to everyone
- The chain of responsibility involves everyone – from administrators and managers to every employee involved in a particular process – and is recognised in law

- Penalties for breaches - whoever is responsible - can be heavy, with fines imposed on the business itself and company officers

Track 5

HOW TO DO BETTER WITH YOUR BANK **Professor Neville Norman, Melbourne University**

- I've been advising both businesses and banks for more than a quarter of a century, and businesses could help themselves by providing fuller and better information
- Don't be afraid to tell the bank the bad news, as well as the good
- Provide monthly cash flow data for the past 3 or 4 years, with peak credit and debit balances for each month and the daily average close
- Share your plans for product changes, discount structure changes and price and promotion changes
- Outline any foreseeable risks: legal, safety, industrial relations or the possibility of being sued
- Set out three sets of business forecasts: Most Likely Outcome, Creditable Alternative Scenario, and Creditable Optimistic Scenario
- Offer KPIs on profitability, growth, financial risk and perhaps how much you value your employees or the environment

- Don't bombard the bank with information, but maintain a steady flow. It will help them to help you

Track 6

POSITIONING YOUR BUSINESS FOR SALE

Adrian McFedries, DC Strategy

- Start thinking 2 or 3 years ahead if you're planning to sell your business
- It's a major strategic decision – don't rush it in response to an enquiry or because circumstances have changed
- Consider how sustainable the business will be in terms of earnings when you're no longer involved – that's what potential buyers will look at
- You might need to make changes to ensure that growth will be sustainable
- Be prepared: put together a document that summarises the business and sets out its future
- Make sure the company accounts are "clean" and understandable: don't put private dealings through the business books
- Get some external advice – it will help you weigh up the need for changes and let you see the business as others see it

- Demonstrate the possibilities for growth by increasing marketing spend in the lead-up to a sale, or focusing heavily on sales and margin
- Think about how a buyer will finance the purchase - a good relationship with your bank can help smooth the way
- Don't leave that to the end. Too many deals fall over because sources of finance hadn't been secured early

Track 7

AUDITING ROAD MAP – A SIMPLE GUIDE TO THE AUDITING PROCESS

Jay Chander, Capstone Business Improvement & Assurance

- I was commissioned by the Institute of Chartered Accountants in Australia to develop a training program on the concepts and techniques of auditing. I was then invited to write this book as a recommended text for CA students
- Several auditing professionals expressed a lot of frustrations about the auditing process.
- Audits still are seen by many as a frightening and troublesome experience. Even accountants consider it the least glamorous role of the profession
- This book addresses the frustrations and gives a clear visual representation of the audit process in one seamless, easy-to-follow road map

- Being audited is like a visit to the dentist — uncomfortable, but ultimately necessary. The first stage in the Auditing Road Map addresses this negative perception
- The “Auditing Road Map” links audit activities to the new “Clarity” Australian Auditing Standards and gives a practical guide to consistently apply the “Clarity” standards
- This book provides a reference tool for tertiary students studying the concepts of auditing; for CA candidates undertaking the Chartered Accountants program and for audit practitioners in professional auditing
- The UNSW Bookshop stocks the book or people can email me for a copy on jay@capstonebia.com

Track 8

TIPS TO KEEP STAFF COSTS DOWN

Luke Neale, Save on Bills

- Look to get the best out of your staff first, then think outside the square for other solutions
- Outsourcing of labour-intensive administrative work to agencies or internet services can reduce costs
- It’s important to clearly define the work you want done
- Contractors, employed for variable hours according to the workload, can be cheaper than fulltime staff

- Make sure you carry out background checks and follow up on references if you're hiring a contractor who will represent your business
- Interns, often university students seeking placements as part of their course, can be particularly useful in social networking or computing roles
- You may also discover talented people you will want to employ in the future
- Open-source internet programs, often free-of-charge, can be very cost-effective
- Consider whether commission-only sales people might be right for your business

Track 9

SHAREMARKET UPDATE

Tim Lincoln, Lincoln Stock Doctor

- Uncertainty on the stock market has replaced volatility, with a little cautious optimism thrown in
- The financial year ended positively, with shares producing an average return of 10 per cent
- It's not just about picking the best companies to invest in, but avoiding those that have got into trouble, like Clive Peeters
- If you have the right tools at your disposal you'll find it easy to recognise the problem areas

- CSL continues to be an outstanding star stock – almost a defensive stock now because of its sustained strong performance
- The other star stocks of the month: Thorn Group, which includes Radio Rentals and Big Brown Box, Navitas, Decmil Group and GUD Holdings
- All are strong performers which will withstand any further volatility in the market and provide security for investors

Track 10

TAX UPDATE

Michael Jones, Cummings Flavel McCormack

- Family trusts are a popular and effective vehicle for owning businesses and managing investments, but each trust deed is unique
- Generally trusts distribute their income to beneficiaries each year because the trust will pay tax at 46 and a half percent on retained income
- Until now, it's been possible for a trust to resolve to distribute its income, but to retain the cash as an unpaid entitlement
- Now the Tax Office has changed its view of those arrangements and declared that, if the unpaid entitlement is not correctly accounted for or retained for too long, it will be treated as a loan
- In that case, the loan could be regarded as an unfranked dividend and taxed accordingly

- The change was announced on December 16 2009, so any amounts correctly accounted for before that date will be OK
- But from that date onwards, the unpaid entitlement is at risk of being treated as a loan
- Next month, we'll explore ways of avoiding that situation

Track 11

COMING TO GRIPS WITH WORKPLACE BULLYING

Evelyn Field

- Workplace bullying is an abuse of power, an attempt to make somebody feel bad about themselves
- Bullying can injure people in various ways: interfering with their ability to concentrate and to interact with their fellow workers; damaging their physical and psychological health and even driving them out of the workforce
- In one case I know, a bullying victim is still on Workcover 9 years afterwards at a cost of more than \$1 million. Despite her complaints, nothing was ever done to stop the bullying
- Managers need to understand that bullying is far more prevalent than is generally known
- As well as affecting the victim, it damages productivity and performance in the organisation,

increases absenteeism and hurts the organisation's image

- Twenty percent of bystander employees leave the workplace because of bullying. Bullies will often be promoted upwards and out
- Organisations need to be watchful and implement prevention measures including education and training
- If there's a perception of bullying, enquire more closely into workplace behaviour and take action if there's any sign of a problem
- Bullies can often change if the workplace environment changes. It's a matter of leadership
- It's important that managers learn some simple assertive communication skills and ask direct questions if they detect a problem