

# Fighting back against business fraud

**Smaller businesses are increasingly taking action to protect themselves against business fraud, according to an internet survey run by The University of Nottingham Institute for Enterprise and Innovation (UNIEI).**

Responding to the latest UK Business Barometer (UKBB), 61 per cent of smaller business owners said they had introduced new measures to stop their companies falling victim to business fraud in the last two years. These ranged from electronic measures such as stepping up internet security and changing email addresses frequently, to day-to-day measures such as shredding documents far more often and taking greater steps to protect sensitive information.

One in five respondents to the UKBB said they had already fallen victim to business fraud at least once.

The dangers of fraudulent use of confidential data were thrown into sharp relief recently with the disclosure that HM Revenue and Customs had 'lost' personal details relating to 25 million people. Computer disks containing the information — including bank details and National Insurance numbers — went missing in transit to the National Audit Office, prompting an admission in the House of Commons by Chancellor Alistair Darling.

The UKBB findings also follow a report issued by accountancy firm BDO Stoy Hayward warning of an explosion of corporate fraud in 2008.

The UKBB and parallel UKBAB (UK Business Advisers Barometer) bi-monthly surveys are all completed online and assess current business conditions through a series of topical questions aimed at smaller businesses and their advisers.

The availability of bank credit and other effects of the credit crunch, also featured in the latest surveys. Just over half of respondents to the UKBB reported that terms and conditions of debt finance offered by banks had become 'more' or 'much more' restrictive. Business advisers were asked if they thought terms and conditions of debt finance offered to clients by banks had become more restrictive over the last six months and 62 per cent said they had.

Panellists were asked in the UKBAB survey to what extent their clients' businesses would be vulnerable in the event of a severe credit squeeze by banks and found that 63 per cent of advisers assess their clients' businesses as 'highly' or 'relatively highly' vulnerable.

Changes in Capital Gains Tax — due to take effect in April 2008 — were also raised in the latest surveys. This will take the form of a new flat rate of Capital Gains Tax at 18 per cent, reducing liability for entrepreneurs to ten per cent on the first taxable £1m.

But a question about the importance of the changes to many businesses yields a mixed picture: 36 per cent of UKBB respondents said the changes would impact strategic decisions 'highly' or 'reasonably highly', but a further 44 per cent said they would not impact strategic decisions at all, or only very little.

The UKBB and UKBAB (UK Business Advisers Barometer) are run by The University of Nottingham and operate over the web to generate very rapid results. The surveys have unique software that enables results to be processed and posted on their respective websites immediately they arrive.

Source: University of Nottingham

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