
FRAUD - A FEW FACTS AND FIGURES...

- **Over 60% of businesses** in the UK are losing as much as 5% of their turnover a year to fraud in the workplace.
- **Identity fraud attempts have risen 17%** in Q1 2006 compared to Q1 2005.
- **65% of fraud cases** in the UK have an **international dimension**.
- **Four in ten businesses** are leaving customers vulnerable to identity fraud by failing to destroy vital documents.
- **Cash machine fraud was up 37 per cent** for the first six months in 2006, compared with the same period in 2005.
- **Online bank fraud losses rose by 55 per cent** from £14.5m in the first six months of 2005 to £22.5m in the same period this year.
- **Cheque fraud is down to £16m**, compared to £21.6m during the first half of 2005, a decrease of 26 per cent.
- **Card fraud losses fell by 5 per cent in first six months of 2006**, a decline APACS attributes to the introduction of chip and PIN.
- **Fraudulent losses in shops decreased 43 per cent to £42.1m**, following on from a 35 per cent fall the year before.
- **Counterfeit card fraud losses are up 16 per cent to £53.0m**.

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Acting for the Defendant:

- **Manufacturing Industry**
- **Property Sector**
- **Fraud Facts & Figures**



23

January 2007

Claim against a company which supplied a PVC coating to be incorporated into a new product being made by the Plaintiff.

Background

- The Plaintiff claimed that it had identified a gap in the market with its new product.
- It was alleged that the PVC compound was faulty and rendered the new product not entirely fit for the purpose for which it was required.

Key issues

- The forensic accountant's report for the Plaintiff calculated a loss of profits spanning a 6 year period totalling £1.5m.
- As this was a new product, the basis for the loss of profits calculation was forecasted sales to 18 different countries worldwide.
- The Plaintiff had been able to market and sell the product for nearly 2 years before any problems were first identified.

Our approach

- We established that the Plaintiff had been operating significantly behind budget before any problems with the product were identified.
- We showed that the claim included amounts for loss of profits to countries where the Plaintiff had not even started the process of appointing a distributor at the time any problems first arose.
- Through our involvement in the discovery process, it became clear that the sales forecast which drove the loss of profits calculation was prepared for the purposes of the claim and was not a contemporaneous document.
- By requesting copies of minutes of meetings, we were able to highlight problems being encountered in key markets which would have affected ongoing forecasted sales.

Result

- **An out of court settlement was reached for under £300,000.**

Claim against an estate agent/property manager by a restaurant which claimed his actions had resulted in significant loss of profit.

Background

- We were instructed by the solicitors acting for the property manager.
- Restaurant planned to expand into adjoining premises it was subletting to another business once the sublease had expired.
- The property manager arranged an extension to the sublease allegedly without the authority of the restaurant owners.
- This caused a delay to the expansion plans and extra costs associated with relocating the business which had signed the new sublease.

Key Issues

- The expanded restaurant appeared to enjoy a healthy level of trading.
- Loss of profit was based on average weekly profit multiplied by number of weeks of extended closure.
- Costs for relocating the sublease tenant were included in the claim.
- The total amount being claimed was around £350,000.

Our approach

- We identified some costs incurred which were not strictly related to relocating the sublease tenant as was being claimed.
- The period of closure did not cover a busy period such as December and therefore the average weekly profit being claimed was overstated due to the seasonal nature of a restaurant. Our calculation was based on the average weekly profit over the actual period of trading which had allegedly been denied.
- We showed that many overheads which should have been identified as "costs saved" had not been deducted from the claim.

Result

- **An out of court settlement was reached for significantly less than was originally being claimed.**