



Focus areas for the proactive advisor

CONSIDERATION	Y	N	COMMENTS
STRATEGY			
1. Does the business have a strategic plan?			
2. Does the business have set values and published policies?			
3. Are there shareholder agreements, partnership agreements or any other key documentation?			
4. Are the functions of daily business operation and management separated in some capacity?			
5. Are there mechanisms for approving budgets and monitoring capital expenditures/ acquisitions?			
6. Do staff and management have position descriptions and measures of performance?			
7. Is there a succession plan?			
RISK			
1. Are loans made by the director and related parties to the business documented by way of a loan agreement and registered on the PPSR?			
2. Are the directors aware of their key legal obligations to stakeholders? Duty to prevent insolvent trading, disclosure or related party transactions, avoid improper use of information, avoid phoenix activity.			
3. Are meetings regularly scheduled and held between business owners/ directors and you as well as between business owners and other relevant stakeholders? Assess whether current frequency of communication is appropriate.			
4. Are minutes or notes kept from all meetings to document any key decisions?			



CONSIDERATION	Y	N	COMMENTS
FINANCE			
Balance Sheet			
1. Does the business appear solvent? Current Assets v Current Liabilities			
2. Are there assets of concern? Inadequate provisions or outdated valuations – obsolete assets or stock?			
3. Are the ageing of the debtors and creditors ledgers within industry norms?			
4. Is the tax and superannuation up to date?			
5. Are loans becoming current or are there other liabilities of concern?			
6. Has equity increased by at least CPI?			
Profit and Loss			
1. Has revenue recovered to normal levels? Is it increasing by at least CPI or remaining the same year on year?			
2. Is the Current Ratio remaining constant or are you starting to see a downward trend?			
Cashflow			
1. Is there a cashflow statement or does your client use their bank account to monitor liquidity?			
2. Does the business and the Director have separate bank accounts or are they one and the same?			
3. Is cash on hand sufficient to pay debts falling due in the short term?			
4. Has the business made allowances for tax debts and superannuation being paid on time?			

PLAIN TALK.
STRAIGHT ANSWERS.
FAST RESULTS.

WORRELLS
SOLVENCY + FORENSIC ACCOUNTANTS



CONSIDERATION	Y	N	COMMENTS
Working Capital and Finance facilities			
1. Have you considered working capital? – inventory, finance facilities, guarantees			
2. Have you recently reviewed current finance facilities and considered alternate and cheaper options? Working capital or Debtor financing, real property security, commercial leasing arrangements, inventory financing or R&D financing.			
IF A BUSINESS IS IN DISTRESS			
1. Does the business/ director qualify for safe harbour?			
2. Can the business fundamentally be changed through a restructure to make it profitable again?			
3. Does the business qualify for a small business restructuring plan? Debt levels < \$1m, director history			
4. Is refinancing an option or a distressed sale of business?			
5. Are their funds available for a winding down?			
6. Are the creditors pursuing outstanding debts?			
7. Have you spoken to a restructuring practitioner?			