



SWSBEC South West Sydney Business Enterprise Centre

The South West Sydney Business Enterprise Centre has been a proud Not for Profit organisation providing support services for small business in the Macarthur, Liverpool and Wollondilly regions since 1992.

Check out their website:
www.swsydneybec.com.au

WHEN SHOULD I REFER A CLIENT TO AN INSOLVENCY EXPERT?

I am often asked by trusted advisors, how do I know when is the right time to refer a client to you?

My answer is that for those clients who can see the warning signs and are prepared to act early, we have more options available to them.

I describe the process leading to insolvency as one which has a 'snowball' effect. It's not usually one factor which tips a company over, but a weight of factors that when combined, become too hard to manage.

Here is a list of those common warning signs to consider when assessing whether a client needs help:

- 1. Accounting & Legal Fees.** A sure sign of cash flow problems is when the trusted advisor isn't getting paid.
- 2. When short term forecasts indicate creditors can't be paid as they fall due.** Being unable to pay your debts as they fall due is the foundation of insolvency. Not even the crystal ball can predict a turnaround.
- 3. Missed BAS payments** How many missed BAS payments are too many? 1, 2, 3? The ATO will be chasing! The DPN regime operates to make Director's personally liable.
- 4. Communication with ATO has been elevated to 'the next level'.** When you cannot satisfy the ATO with your promises to pay, the ATO will begin their collection processes which are difficult to halt.
- 5. Superannuation isn't being paid on time.** The ATO want the taxpayer to lodge an SGC return when contributions aren't paid on time. How many companies actually do this?
- 6. Ageing of creditors increasing.** Have you done some simple monthly trend analysis and seen that creditors are blowing out? Often the director can tell when creditors are growing as the number of cranky calls increases!
- 7. Client can't access anymore credit.** Home loan maxed. Overdraft maxed. Personal credit cards propping things up. Not good. Hard to come back from here.
- 8. Legal action letters are flowing.** A sure sign that creditors patience have run out. The juggling exercise of picking who to pay isn't working anymore.
- 9. Visible signs - the cracks are showing** Tired owners. Tired premises. Poor staff morale. Care factor not visible. Won't return calls.
- 10. Poor recovery of receivables.** Poor systems to collect debtors. Major customer fails to pay. Sometimes this is the straw that breaks the camel's back.

Profit Advantage Group & Amos Insolvency Bookkeepers Seminars!

Profit Advantage Group & Amos Insolvency are putting together a series of seminars for bookkeepers.

First Seminar coming soon in September.

Seminars will be held at
SWSBEC

1st Floor 12/70 Topham Road,
Smeaton Grange NSW 2567

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