



SUPPORTING AND
EMPOWERING YOU
EVERY STEP OF THE WAY

COULD MY BUSINESS BE INSOLVENT?

10-point checklist of insolvency indicators

While some of the classic indicators of insolvency are still relevant, we at RSM have compiled a short modern-day checklist of possible insolvency indicators.



Use the quick checklist below to assess the health of your business.

Increasing tax debts with the ATO or state revenue offices.

Business owners have reduced or stopped paying themselves wages.

Employee superannuation has not been paid.

Increasing non-payment of suppliers, causing suppliers to stop supply or change credit terms to cash on delivery.

Business owners are seeking refinance of personal or fixed assets to use as working capital.

The business has continuing losses.

Increasing reliance on "buy now, pay later" arrangements and debt factoring (selling your accounts receivables to a third party) which decreases the business' profitability.

All avenues to raise funds have been exhausted.

Division 7A loans have not been repaid on time.

The business is unable to pay "extras" to operate effectively, such as:

- Insurance
- Equipment maintenance and servicing
- Training for staff
- Bookkeeping
- Marketing
- Industry specific certification



The individual points may not indicate insolvency and should be considered collectively. However, if you have ticked 2 or more points, now could be a good time to reach out, confidentially, to one of our Restructuring and Recovery experts.

RSM's Restructuring and Recovery experts welcome the opportunity to sit down with business owners and their advisers to discuss their circumstances, and advise on the various options available – including options where owners can maintain control while a restructuring plan is worked through.