

## BUSINESS CHECKLIST

All businesses should undertake the following review:

STEP	DESCRIPTION
1	Clear understanding of the financial position
2	Realistic estimation of the likely costs to continue the business whilst this period of volatility remains (“the Forecast”) maintaining a clear and honest relationship with major financiers and shareholders
3	Assess the outcome of the Forecast and if funding is required determine whether Directors/Shareholders can provide that funding or are other options available (increased bank facility, new equity or new finance facilities)
4	Consider an external business review to test the approach taken and consider the options available (If business is in distress, a moratorium period (e.g., Safe harbour) to plan and implement turnaround initiatives.
5	Develop a business plan based on the financial forecast to manage key issues
6	Consider all informal and formal restructuring options depending on the forecast outcomes under different scenarios

### DETAILED CHECKLIST TO BEGIN BUSINESS REVIEW

A more detailed check list for business owners to consider the financial position and forecast of the business is detailed on the following pages.

The above steps and check list will assist business owners to implement a process to reduce uncertainty, provide clarity on the support available (further government support may be forthcoming) and options available.

At HLB Mann Judd we have experts in who can assist in preparation of a plan to get through this crisis, implementation of it and provide access to experts in our team and our network.

### TALK TO US



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## 1. GOVERNANCE ISSUES

<input type="checkbox"/>	Are regular recurring Board meetings being held?
<input type="checkbox"/>	Are out of session Board meetings being held as/when required as events unfold / impacts crystallise?
<input type="checkbox"/>	Are up to date, weekly or daily, financial and operating reports/updates detailing the current position being provided to the Board? Are financial and operating scenarios being developed and provided for consideration
<input type="checkbox"/>	Are regular daily recurring management meetings being held?
<input type="checkbox"/>	Are clear lines of responsibility in place for management and staff
<input type="checkbox"/>	Are staff/key stakeholders being kept informed

## 2. OPERATIONAL ISSUES

### Employees

<input type="checkbox"/>	Does the business have a business crisis or business continuity plan specifically dealing with employees work requirements, obligations and requirements?
<input type="checkbox"/>	Have existing HR policies been reviewed specifically relating to remote working and travel policies to reflect that employees may need to be isolated (quickly) to protect their health?
<input type="checkbox"/>	Have these policies been effectively communicated to employees and implemented? Are employee communication/updates provided to employees on an ongoing basis?

### Customers

<input type="checkbox"/>	If relevant, have you considered your options to quickly change your delivery methods to customers?
<input type="checkbox"/>	Have you assessed credit risk of customer base?
<input type="checkbox"/>	Have you undertaken a contract review to identify key contract risk and ability for customers of your business to declare "force majeure" under the existing contract?  <i>Key contract reviews may also be necessary as the impact of any change in supply may provide grounds for termination/revision of terms. This may be an opportunity to revise unattractive terms.</i>

### Insurance

<input type="checkbox"/>	Are there any uninsured or underinsured catastrophes that you can foresee?
<input type="checkbox"/>	Do you have Trade debtor insurance?

## 3. SUPPLY CHAIN CONSIDERATIONS

<input type="checkbox"/>	Has your supply chain be affected over the past 6 months?
<input type="checkbox"/>	Are you having issues obtaining supply from your key suppliers? Are they overseas?
<input type="checkbox"/>	Do you have logistics/transport issues with delays in delivery of goods?
<input type="checkbox"/>	Are you concerned about the collapse of key suppliers in your supply chain? Do you have a plan to source alternate supply if required?

## 5. FINANCIAL POSITION & FORECAST

### Turnover/Profitability Assessment

	Are you having to increase your stock levels due to supply chain issues? How is this impacting your cash flow?
	How has the business conditions impacting your trading performance and margin?
	Do you expect trading conditions to worsen and what contingency plans are being put in place? If so, have you undertaken a detailed review of your cost structure and considered what cost reduction measures can be implemented? Have you undertaken a scenario analysis to assess these measures on an optimistic and pessimistic basis?

### Cash Flow Assessment

	Do you have a weekly cash flow forecast for the next 13 weeks and monthly cash flow forecast for the next 12 months?
	Have you undertaken a detailed review of cash flow forecasts including undertaking a scenario analysis of: <ul style="list-style-type: none"> <li>• impacts on revenue turnover from falling demand</li> <li>• cost reduction measures</li> <li>• consideration of available sources of additional capital (if required) that may assist managing the critical period (hopefully short but may be drawn-out).</li> </ul>
	Following adjustment to the business's short-term forecast (based on current trading conditions) do you have less than eight weeks working capital to fund the business?
	Have you undertaken a banking covenant analysis (including headroom) based on current market conditions for consideration by management/owners/financier?

### Balance Sheet Assessment

	Debtors - Are you concerned about the collectability of your debtors? Is your current cash flow position reliant on less than three major debtors? What would be the impact if those debtors were unable to pay?
	Inventory - Has your inventory turnover worsened over the past year?
	Are you concerned about a buildup of stock in your business over the next six months?
	Do you have a PPSR registration process in place when provide goods to customers on credit terms?
	Fixed Assets - Is your P&E subject to finance? Are you able to discuss a rental/finance lease payment deferral with financiers? Do you have any non-core assets that could be realised to assist cash flow?
	Accounts Payable - Will your accounts payable aging deteriorate over the next month, so suppliers are not being paid within their standard trading terms. Do you have a communication plan to engage with your key suppliers to discuss an extension of payment terms?
	Secured Lending - Have you reviewed the terms of your existing Secured Lender facilities? Do you have a plan to proactively communicate with your lenders in the event you breach your covenants? (This may involve negotiating a period of forbearance with lenders.)
	Statutory obligations - Are payments to the ATO, State revenue offices and Superannuation up to date and within terms? If not, are documented payment plans in place?

### Balance of Information

	Have you developed a short-term plan documenting the revised financial forecast, considered the mitigation strategies that could be implemented and begun to develop a communication strategy with key stakeholders?
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