



BRISBANE GOLD COAST SUNSHINE COAST IPSWICH SYDNEY ERINA MELBOURNE BALLARAT CANBERRA

Ivor Worell from Worell's Insolvency & Forensic Accountants has drawn down from his thirty-eight years in practice experience and has come up with fourteen "Never..."maxims that reflect some of the problems that he has seen contributing to insolvency.

1. Never start a new year, or a new business, without a realistic budget. If the expected outcome cannot be expressed in a budget its a gamble not a business
2. Never rely on one customer, one product or a single employee for any more than 15% of your turnover.
3. Never deal in cash. It will ruin your judgment, your reputation and your balance sheet. More than what you "save in tax is lost in personal and business capital.
4. Never overlook getting accurate and up to date accounts. If your accountant cannot get them done, get an accountant who can.
5. Never sink your money into a business that you don't fully understand. There is no better recipe for disaster.
6. Never advance funds to your own company, or guarantee your company's debts, without taking a security from the company at the same time.
7. Never fool yourself into thinking that all of the items in your inventory have value. Probably much of it is obsolete or unsalable. Clear it out and write it off.
8. Never make an investment based on a perceived tax benefit. A tax benefit can make a good decision better but it can never make a bad decision good.
9. Never confuse cash flow with profits.
10. Never skimp on the paper work. When disputes arise paper work is worth gold.
11. Never run a business unless you truly understand the difference between a Profit and Loss Statement and a Balance Sheet.
12. Never keep bad news about your business from your marriage partner. He or she won't appreciate being kept in the dark and it will be all the harder if losses continue.
13. Never be afraid to vigorously chase what is due to you. The squeaky wheel gets oiled first, and very rarely does granting credit lead to the retention of a good customer.
14. Never ask your parents or children to guarantee your debts or allow you to borrow against their assets. You have no right to ask them to take such a risk.

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