

The Best Result

A black and white photograph of a city skyline at night, with a large lightning bolt striking down from a cloudy sky. The city lights are reflected in the water in the foreground.

Client Risk Review Checklist

Your trusted and go to partner for all
business turnaround, restructure and
asset protection needs.

CLIENT RISK REVIEW

CHECKLIST FOR ACCOUNTANTS & ADVISORS



FOR INTERNAL USE ONLY

Client	
Reference	
Financial Year / Period	

TICK ALL BOXES THAT ARE APPLICABLE AS RISK AREAS

Company / Entity Debts - Potential Personal Liability

- ☐ **Late or Non-lodgement of Business Activity Statements**
May result in Director Penalty Notices ("DPN's") being issued by the ATO.
- ☐ **Non-lodgement of SGC Returns**
May result in Director Penalty Notices ("DPN's") being issued by the ATO in relation to unpaid superannuation entitlements.
- ☐ **Division 7A Loans**
Loans that are repayable to the entity from directors and/or director related entities.



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☐ **Register of Personal Guarantees**

Consider whether a register of personal guarantees should be created and maintained. Also do search for caveatable interests.

☐ **Construction / Building Entities (where applicable)**

Check if a Deed of Covenant has been provided. Check terms.

Entity Structure Issues

☐ **Entities with both spouses acting as Officeholders / Directors**

Risk exposure for both parties and all personal assets.

☐ **Trust/s with Individual Trustees**

Risk exposure for the individuals acting as trustees.

☐ **Trading Entity Director holding personal assets such as the family home and/or making loan repayments on personal assets**

Personal asset risk exposure if the director (risk) is also holding personal assets. Need to also consider if the director (risk) is building up equity through loan contributions. Separate personal assets from business assets preferably using other structures and strategies rather than direct individuals.

☐ **Inter-entity Loans / Related Party Loans**

Risk exposure for the group assets and/or individual assets.

☐ **Trading entity holding Assets**

Risk exposure for business assets including IP and P,P&E.

☐ **Individuals exposed to trading entity (risk)**

Do any individuals exposed to trading entity (risk) hold equity in property. Consider strategies to protect that equity.



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Security via PPSR

☐ **Director Credit Loans that are unsecured**

If an entity owes money to a director and the loan has not been appropriately secured it will result in a loss of creditor priority. There are timing considerations for securing loans.

☐ **Asset Holding Entity unsecured over trading entity**

Has the asset holding entity registered a PPSR lease over the trading entity? Has it been appropriately documented? If not, there is a risk exposure on the assets of the asset holding entity.

☐ **Hire Agreement with Asset Holding Entities**

Do they have hire or rental agreements between asset holding or personal assets used by trading entity? If so, are they secured and documented.

Banks & Funders

☐ **Lending Covenants**

Do they exist? Have they been complied with? Banks may deem non-compliance as a default event.

☐ **Cross Collateralisation**

Check as most banks can rely on inter entity guarantees or all monies clause.

☐ **Lending and banking with one bank / financiers**

Potential risk exposure if something goes wrong.

☐ **Debtor cash flow issues**

Does business experience cash flow issues – consider potential solutions eg debtor finance. We have solutions for this if applicable.



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Human Resources

☐ **HR Systems**

Do they exist? As a director you can limit your risk by being informed of your obligations and implementing human resources (HR) systems to ensure compliance by all employees with the Fair Work Act. This system may include policies and procedures around termination, new employees and relevant award requirements, regular audits of staff entitlements; and staff training.

☐ **Fair Work**

Any current potential employee claims for matters such as unfair dismissal? Consider keeping a HR register of employment matters.

Potential Insolvent Trading

☐ **Debts when due and payable**

Is the entity paying its debts when they are due and payable? Are creditors being paid outside their normal terms of trade?

☐ **Safe Harbour**

Do director/s have assets which are potentially at risk due to potential insolvency? Should a safe harbour plan be implemented to protect these personal assets?

☐ **Collection Letters / Statutory Demands**

Has the entity received letters from collection agencies for payment of debts, statutory demands for payment, judgements issued, and/or wind-up orders?

☐ **Changes to Creditor Terms**

Has the entity been placed on different terms such as COD with essential suppliers?



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☐ **Priority Payments**

Does the entity pay one or any suppliers in priority to another to receive goods/services?

☐ **Creditor / ATO Payment Plans**

Has the entity entered into instalment payment plans with any of its creditors and/or the ATO?

☐ **Current Asset Ratio / Assets v Liabilities**

Are the current liabilities of the entity in excess of current assets? Are total liabilities greater than total assets?

Estate Planning & Asset Protection

☐ **Estate Planning & Asset Protection**

Does the client have existing or updated estate planning in place? Consider products that put protection in place such as strategic documentation from LightYear Docs including but not limited to Wills, EPOA's, Testamentary Trusts, Moat and Castle, Protection Trusts, and SMSF Wills.

☐ **Successor Director**

For sole director companies and multi director unrelated companies is there a successor director solution in place? Does the constitution allow for successor directors?

ACTION PLAN

If you ticked one or more boxes, then you should review the financial position and performance of the business and contact Eventum Optimum today.

Additionally, asset protection services are recommended and should be considered. We can provide expert advice on those areas.



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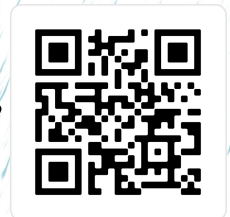
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**Stop your clients
from burying their
heads in the sand**



SCAN ME

