Business Financial Health Checklist

For business owners and CFOs

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Use this checklist each quarter to test whether your business has the information, buffers and controls it needs to manage growth and pressure. Any item you cannot tick is a question worth answering before a lender, investor or downturn asks it for you.

Tick each item that is in place. Anything left unticked is worth discussing with your adviser.

01 Cash flow

- [ ] A rolling 13-week cash flow forecast is updated weekly and compared with actual receipts and payments.
- [ ] Cash reserves or undrawn facilities are enough to absorb a period of lower receipts that the owners have agreed in advance.
- [ ] GST, PAYG withholding, superannuation and tax instalments are set aside as they accrue.
- [ ] Super guarantee is paid for each payday and reaches employees' funds within 7 business days.
- [ ] Large or irregular payments, such as tax, insurance, capital items and loan repayments, are scheduled in the forecast.

02 Working capital

- [ ] Debtor days are measured monthly and compared with your trading terms.
- [ ] Overdue accounts are followed up promptly, with agreed escalation steps.
- [ ] Inventory days and slow-moving stock are reviewed monthly.
- [ ] Supplier terms are known and used without damaging key relationships.
- [ ] The cash conversion cycle (debtor days plus inventory days, less creditor days) is tracked over time.

03 Profitability and management reporting

- [ ] Monthly management accounts are completed within an agreed number of days of month-end.
- [ ] Reports compare actual results with budget and the prior year, with commentary on the main variances.
- [ ] Gross margin is tracked by product, service, customer or project.
- [ ] Key performance indicators are agreed and reported to the owners or the board.
- [ ] An annual budget and a rolling forecast link profit, cash flow and the balance sheet.

04 Funding and commitments

- [ ] All loans, leases and guarantees are listed with interest rates, maturity dates and security.
- [ ] Financial covenants are tested at least quarterly and the headroom is reported.
- [ ] The effect of further interest rate increases on repayments has been modelled.
- [ ] Refinancing is planned at least six months before facilities mature.
- [ ] Shareholder and related-party loans are documented, with Division 7A loans on complying terms.

05 Financial controls

- [ ] Bank reconciliations are completed monthly and reviewed by someone other than the preparer.
- [ ] Payments above a set threshold need approval from two people.
- [ ] Changes to supplier bank details are verified independently before any payment is made.
- [ ] Access to accounting and banking systems is reviewed when staff join, change roles or leave.
- [ ] Payroll changes are approved and reconciled to Single Touch Payroll reports.
- [ ] Insurance cover is reviewed each year against the risks the business faces.

HOW RESET GROUP CAN HELP

Fractional CFO and Corporate & Business Advisory

We prepare cash flow forecasts and management reporting, test funding arrangements and provide fractional CFO support for growing businesses.

Call +61 2 8208 3314 or email info@resetgroup.com.au. Offices in Sydney CBD and Homebush. resetgroup.com.au

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