

**INDICATORS OF
FINANCIAL DIFFICULTIES**

Revenue/sales	<ul style="list-style-type: none"> - declining/rapidly declining sales - loss of key contract(s) - insufficient capital to meet sales growth - contractual obligations to fulfil loss making contract(s) - growing number of dissatisfied customers/customer complaints - market saturation, new/increased competition
Expenses	<ul style="list-style-type: none"> - substantial/unsustainable increases in business expenses
Debtors	<ul style="list-style-type: none"> - aged debtor profile deteriorating (i.e., customers taking progressively longer to pay) - increasing/unsustainable bad debt levels - key debtor(s) going out of business
Suppliers	<ul style="list-style-type: none"> - company exceeding agreed credit terms without supplier approval - suppliers reducing, or withdrawing, credit terms - suppliers unwilling/unable to supply - increased reliance on a small number of suppliers - key supplier(s) going out of business, or themselves being in financial difficulty
Inventory	<ul style="list-style-type: none"> - company holding high volumes of slow moving/obsolete stock - company unable/failing to meet customer orders due to stock management / supply chain issues
Employees	<ul style="list-style-type: none"> - high turnover of key staff - inability to retain/attract staff - directors/key management personnel foregoing salary payments
Cashflow/Funding	<ul style="list-style-type: none"> - depleted/non-existent of cash reserves - late payment of essential services (e.g. rent, electricity) - receipt of reminders/final demands increasingly a feature

	<ul style="list-style-type: none"> - late filing of Revenue returns to delay discharging debt - overdraft facilities consistently being maximised/exceeded with associated high interest commitments - banks and/or other providers of finance unwilling to advance additional funding/offering less favourable terms - fixed term borrowings approaching maturity without realistic prospect of renewal or repayment - reliance/over-reliance on credit cards to make payments / credit card balances not being cleared regularly - directors funding the business with personal funds - overreliance on group companies to meet day to day funding needs - reliable cashflow forecasts indicating a deficit that cannot be met - poor liquidity ratios
Other	<ul style="list-style-type: none"> - breaches of the terms of loan agreements - legal proceedings threatened or issued, or judgments obtained against company for outstanding debts - directors/management spending disproportionate amount of time dealing with problems as opposed to growing the business - failure to meet obligations to the Revenue Commissioners, e.g., non-payment of obligations as they fall due, or failure to maintain instalment payments or direct debits as they fall due
Financial reporting/accounting records/management accounts/management information	<ul style="list-style-type: none"> - management accounts indicating declining profit margins/ongoing losses/cash deficits - management unwillingness to acknowledge/confront issues - management reluctance to produce timely management information, i.e., problem avoidance - management reluctance to bring issues to the attention of the auditor/efforts to conceal information from the auditor - unrealistic assumptions/data being used to support going concern basis of preparation of statutory financial statements - irregularities in accounting records - significant delays in being able to finalise statutory financial statements
<i>Force Majeure</i> events	<ul style="list-style-type: none"> - unforeseen events impacting upon a supplier and/or customer and/or on a company supply chain

Important note: *the list of early warning signs set out above is not exhaustive and is provided for the purpose of assisting companies and their directors. This document is for information purposes only. The CEA accepts no responsibility or liability howsoever arising from the contents of this document. The CEA is not an advisory body, and companies and company directors should seek the advice of a professional advisor on all company related issues, including financial, and restructuring mechanisms available.*