



## Early debt warning signs for businesses

The warning signs for businesses can include those discussed in the last article of the Insolvency series for individuals. Again, problems generally don't happen overnight and you should watch for these signs early on. The key to working through financial issues is to recognize them early and seek advice while you still have different options available to you.

In 2007, the areas of businesses that were hit the hardest by insolvency issues included the construction, retail trade, transportation and warehousing industries.

To understand your businesses' financial situation, answer the following questions to see if there are warning flags:

- > Are you always at the maximum on your operating lines?
- > Are you using personal assets to finance or inject cash into the business?
- > Are you under-financed and using operating cash to finance long-term assets?
- > Are you using funds collected on behalf of third parties to finance operations i.e., GST and source deductions?
- > Are you having personal problems at home that are affecting your business?
- > Have you lost a key customer or employee?
- > Do you have recurring losses?
- > Do you lack a proper business plan, budget or cash flow?
- > Are you facing major litigation?
- > Have there been actions taken by creditors – landlord seizures, garnishee of bank accounts?
- > Have you had significant assessment or reassessment by Canada Revenue Agency?

If these questions do sound familiar for your business, your best option is to contact a Trustee to seek professional advice early, to understand what your options are. Many businesses face similar situations, but there are solutions to help you get back on track.

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*Meyers Norris Penny Limited Advisory Services will be providing a series of 10 articles relating to insolvency, bankruptcy and consumer proposals. This is the second article in the series. Raising awareness and educating the public is the best way to prevent consumers and businesses from serious financial dilemmas. Our series of articles will address the early warning signs to flag, explore options in a financial crisis and explain the truth behind bankruptcy, proposals and legal actions. If you miss any of these published articles in the series, you can visit our website [www.mnpdebt.ca](http://www.mnpdebt.ca) where we will have an archive of all previously published articles.*