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BUSINESS VIABILITY ASSESSMENT

Business Viability

Viability is defined as the ability to survive. In a business sense, that ability to survive is ultimately linked to financial performance and position.

A business is viable where either:

- it is making a profit that is enough to provide a return to the business owner while also meeting its commitments to business creditors or
- it has enough cash resources to sustain itself through a period when it is not returning a profit.

This Business Viability Assessment Tool can help you get an indication of your business viability. Based on the information you enter, this tool will provide you with a summary financial report and a visual summary of business performance indicators.

This report may also help you to identify areas of your business where improvements could be considered. If you do have any concerns in relation to your business viability, the next step is to seek professional advice.

To access this tool, visit the following link:

Business Viability Tool - <https://www.ato.gov.au/Calculators-and-tools/Host/?anchor=BVAT&anchor=BVAT/questions#BVAT/questions>

What do you need?

You will need the following documents:

- Statement of financial performance (or profit and loss statements)
- Statement of financial position (or balance sheet)
- Aged creditor listing, which is a list of creditors, otherwise known as suppliers that you owe money
- Aged debtor listings, which is a list of debtors, otherwise known as customers who owe you money
- Total monthly repayment amount for all debt commitments, including your bank overdraft and any loan facilities

In an effort to collate some of this information on a monthly basis, you may use Profit & Loss Tracker Worksheet available.

If you need help constructing your records, contact a bookkeeper or accountant in your area.



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Using the Business Viability Assessment Tool

Use the 'help' function to explain the terms used in the tool.

This tool can assess data across three financial years. The current financial year and the two consecutive or back to back financial years.

Data for one financial year only provides a snapshot of your business financial health for one point in time.

Two financial years while more informative is still not a good indicator of a business's performance or financial health over time as it provides less opportunity to factor out anomalies that may occur to your business in a given financial year such as loss of a key contract or key employees or market fluctuations and so reduces the accuracy of the results. It is better to add three years of data.



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Business Viability Assessment Result

It is important to understand that in interpreting your results, the tool is provided for information purposes only and does not constitute a comprehensive business analysis.

§The tool is designed to provide an overview of business viability only and any results generated by the tool should not be considered as conclusive or definitive in relation to an assessment of your business viability or solvency.

If, as a result of using the tool, you have any concerns or issues in relation to your business viability, you should seek professional advice from an accountant, in the first instance.