Business health

Having reviewed your tax accounts, estimated your cash needs and calculated a balance sheet based on current market values, classify the health of your business using the following classification.

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| A strong business | * Achieves good profitability.
* Can finance growth without borrowing.
* Easily meets ongoing cash needs.
* Saves surplus cash.
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| A secure business | * Achieves good profits.
* But borrowing needed to finance growth.
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| An insecure business | * Does not cover cash needs from profits.
* Has gradually rising borrowings.
* Invests little in business.
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| A serious business problem | * Makes little profit.
* An accelerating rise in borrowings.
* No investment.
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| An acute business problem | * Suffers ongoing losses.
* Has high and increasing levels of debt.
* Can’t pay bills when due.
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