

Call in for a Coffee

RSM Nelson Wheeler, Thailand

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Introduction

Welcome to RSM's twentieth edition of "Call in for a Coffee." Many of our readers advise that they've recently experienced extended delays in receiving payments of debts particularly from Construction Industry customers. This edition focuses on the insolvency warning signs that suppliers and service providers should be aware of and why companies get into financial trouble in the first place.

Warning signs of insolvency

Large numbers of construction companies exhibit warning signs that trouble is ahead prior to their ultimate demise and being able to recognise and anticipate these warning signs allows suppliers and service providers the opportunity to act quickly to minimise the possible damage.

Issues to consider :-

- How do you feel about the customer company's personnel and management?
- Do your telephone calls get answered?
- Do your problems get resolved?
- Has there been high staff turnover recently?
- Have there been unreasonable delays in payment of debts?
- Have the customer representatives been seen out at networking or social events less lately?
- Has the customer that you propose to do business with lost some recent big contracts or failed with tenders?
- Has the customer company experienced some of its own customers becoming insolvent causing a knock on effect to its own position?

Why do Companies experience financial problems?

There are a number of reasons why companies face financial problems which normally are due to multiple factors and not one only. Some of these factors are summarised in 1 to 7 below:-

1. Poor financial controls

- Poor forecasting and inadequate long-term, planning;
- Slow collection of retentions and debts and generally poor credit control;
- Excessive overheads;
- Over-trading (expanding faster than available working capital);
- Excessive debt;
- Poor communication with financiers; and,
- Excessive drawings by senior management/ owners.

2. Poor management

3. Bad debts

4. Production and marketing failings

5. Collapse of a major subsidiary

6. Collapse of a major customer

7. External factors

Tools to assist suppliers and service providers

- Request financial information from customer prior to entering into business or extending a business relationship;
- Review audited accounts;
- Adopt the use of analytical review techniques such as ratio analysis; and,
- Follow share prices where the Company is listed.

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No responsibility can be taken by the publisher or the contributors for action taken as a result of information provided or opinions expressed in this publication. Readers are strongly recommended to take expert advice on particular situations.

How RSM can assist

RSM's Corporate Services Team is headed up by **Stephen Darley**, a seasoned insolvency & restructuring specialist and qualified arbitrator. **Stephen** has over fifteen years restructuring experience gained in Australia and South East Asia having worked on some of the largest transactions ever experienced in Taiwan, Indonesia and Thailand.

Supporting **Stephen** is **Gareth Hughes** who has over twenty years corporate advisory, restructuring, insolvency and auditing experience from the UK, Australia and Thailand which includes working inside and outside the banking sectors on major restructuring and insolvency transactions covering a wide industry spectrum.

The RSM Insolvency and Restructuring Department in Thailand is part of the RSM Corporate Asia Group encompassing Hong Kong, Kuala Lumpur and Singapore which boasts some of the best specialist practitioners in South East Asia.

If you are either experiencing difficulties collecting customer debts or alternatively paying supplier debts why not contact **Stephen Darley** on email: stephen.darley@rsmnw.com to arrange an appointment. Stephen can advise as to the best way forward insofar as your business needs are concerned.

RSM News

RSM is delighted to announce the arrival of the following new staff in September increasing the local capability of its Divisions in Thailand:-

- **Khun Pardorn Suchiva** joins RSM from Vovan & Associates as a Manager in RSM's Legal Division.
- **Khun Supaporn Phisitmukda** joins RSM as an Accounting Manager.
- **Khun Lehum Chinnapan** joins RSM from BDO Richfield Co., Ltd. as an Audit Manager to assist Khun Surachai and Khun Prawit.

Upcoming RSM Sponsored Events

<u>Date</u>	<u>Event</u>	<u>Contact Details</u>
13.10.04	Lighthouse Club Gathering Bull's Head, Sukhumvit 33/1	sunisa.makotpate@rsmnw.com
16.10.04	British Club Rugby Ball Grand Hyatt Erawan Hotel	bhillach@loxinfo.co.th
27.10.04	Raja's Fashion Golf Day The Legacy Golf Club (Natural Park Ramindra)	rajas@ksc15.th.com
28.10.04	New Zealand-Thai Chamber, AGM Bangkok Club followed by Drinks & snacks at the RSM Boardroom	nztcc@loxinfo.co.th
10.11.04	Lighthouse Club Bull's Head, Sukhumvit 33/1	sunisa.makotpate@rsmnw.com

Free Consultation

If your company has any issues requiring clarification with respect to legal, financial, taxation, accounting, auditing, wealth management or other problems, please contact the RSM Team and **"Call In For A Coffee"** for a free consultation.

Translation of business ideas into realistic projects requires expert advice. RSM can assist you in formulating practical solutions to obstacles which may be encountered while undertaking business in Thailand.

Contact Details

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