

## ADDRESSING BUSINESS RISK AND ENSURING BUSINESS CONTINUITY

The goal of any business is to generate a profit. However, key risks exist that may affect the financial security and sustainability of organisations. Every business owner should know the answers to questions such as; have you identified and do you understand your key business risks?

Do you know the curveball risks facing your business, and shareholder's estates? Do you have a contingent liability agreement in place? Do you currently have an updated shareholders agreement and Buy and Sell agreement in place? And have you designed shareholders' and Key Persons' exit from your business in life, disability and death?

CapAscent has a Business Risk Program that identifies and quantifies four crucial risks that every business should give attention to. Gary Parker, Director of Capascent explains that these four risks are:

1. Exposure to third-party creditors (Contingency liability, Personal liability), which is the risk of being requested to immediately pay an amount not budgeted for.
2. Unrecovered capital (Credit loan account), which is the risk that the business shareholder will never recover all the input into their business.
3. Unrealised capital (Buy-and-sell insurance), which is the risk that the business owner could lose their accumulated value and equity in the business, and
4. Continuity of the business due to the loss of a Key Person, which is the risk of reduction in revenue, profitability, continuity of credit and business momentum

"Our Business Risk Program classifies these four key risks into categories and prioritises them in order of importance and impact to the business and shareholders. Cost effective solutions are then recommended and implemented," explains Parker.

"The CapAscent Business Risk Program process involves the completion of a short questionnaire which makes it simple to understand the four most prevalent and critical risks in the business environment. We then present a professionally prepared proposal to the client that clearly explains the identified risks, as well as the implications of ignoring them and offers recommendations on how to address these risks."

"We also ensure that our recommendations provide solutions that are cost and tax effective. It is important to identify the tax implications of business assurance solutions with regard to income tax, estate duty and capital gains tax, as applicable."

"Solutions to these critical risks to a business' longevity and success include buy-and-sell agreements, contingency liability assurance, key person assurance, loan account assurance, future liability assurance as well as preferred and deferred compensation plans."

"Business Risk Assurance is a critical need that all business owners must address in order to protect the viability and sustainability of their businesses for the long term," concludes Parker.

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