



## Financial Criteria

### Financial Stability

All members within SPE are required to comply with the Associations' criteria for financial stability. The Association will from time to time request management accounts or where necessary copies of audited accounts. The association will carry out financial checks on its members randomly, or where they have reason to believe that financial stability of a member is in question. All financial information will be treated in confidence.

Members are required to provide such information on a timely basis. Where such information is not provided the Association reserves the right to suspend membership for up to 3 months and if deemed appropriate discontinue the membership [if deemed appropriate expel the member]

**Source:** Professional Code of Conduct

On application we request sight of one year's accounts which we have audited as per financial criteria document (see appendix 1). Plus the company is credit checked via N2 Check/Dun & Bradstreet; the credit score would be 50 or over on application.

Current members are monitored quarterly via Experian and we require a score of 50 or over for current members\*  
(\*minutes- 09-10-14).

Annually members sign the Professional Code of Conduct to agree as follows:

### Annual Return

Payment of the annual membership fee is confirmation that the SPE member company agrees to the following:

- Renewal of the members' agreement to abide by the Professional Code of Conduct
- Confirmation of compliance with the Association's current membership criteria
- Acceptance of the Association's Constitution
- Confirmation that the relevant Insurances are in place

**Source:** Professional Code of Conduct

### Risk Banding Criteria & Process

0 - 10	Extreme Risk!	<p>This company exhibits characteristics similar to companies who have generally failed.</p> <p><b>Write for written assurance immediately. Request copy of accounts for audit. Suspend following initial audit if unsatisfactory as per constitution whilst independent audit is being conducted.</b></p> <p><b>Member company would be expelled from membership if independent audit did not provide the assurances that the company was financially stable/viable.</b></p>
11 - 25	Very High Risk!	<p>This company exhibits characteristics similar to companies who have generally failed although they tend to be less severe.</p> <p><b>Write for written assurance and copy accounts for audit if consistent score 0-3months. Suspend following initial audit if unsatisfactory as per constitution whilst independent audit is being conducted.</b></p> <p><b>Member company could be expelled or invitation to renew withdrawn subject to audit findings.</b></p>
26 - 40	High Risk!	<p>This company's Credit Limit should be regarded as an absolute limit and may require some form of guarantee.</p> <p><b>Write for written assurance and copy accounts for audit if consistent score 0-6 months. Suspend following initial audit if unsatisfactory as per constitution whilst independent audit is being conducted.</b></p> <p><b>Member company could be expelled or invitation to renew withdrawn subject to audit findings.</b></p>
41 - 50	Above Average Risk	<p>Assurances in the form of guarantees may be necessary especially if the Credit Limit assigned is required to be exceeded.</p> <p><b>Write for written assurance and copy accounts for audit if consistent score 0-9months. Suspend following initial audit if unsatisfactory as per constitution whilst independent audit is being conducted.</b></p> <p><b>Member company could be expelled or invitation to renew withdrawn subject to audit findings.</b></p>
51 - 60	Average Risk	<p>This company has an average risk status and should be treated with a degree of caution.</p> <p><b>Monitor</b></p>
61 - 80	Low Risk	<p>There is a high degree of confidence this company will prove good for the assigned Credit Limit.</p> <p><b>Monitor</b></p>
81 - 100	Very Low Risk	<p>There is every confidence this company will prove good for the assigned Credit Limit.</p> <p><b>Monitor</b></p>