



# COVID-19

General guidance and short term  
action planning

Now, for tomorrow

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MACINTYRE HUDSON

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# COVID-19

The current economic conditions, not just in the UK but around the world, mean businesses are having to trade under extremely challenging and unprecedented conditions.

Now more than ever, real time working capital management and the robustness of business continuity arrangements are key. We would urge businesses foreseeing a requirement for additional support or finance to act promptly, even as a precautionary measure.

## There are 8 key business critical areas you should focus on:

### 1. Cashflow forecasting and communication with funders

- Forecasting regularly to cover daily cash flows to ensure any peaks or troughs are highlighted on a daily basis.
- Sensitivity analysis and increased rigor to be factored into cash flow models to reflect different short-term scenarios
- Identification of any funding shortfalls or covenant breaches in the forecast period
- Early dialogue with bankers and other funders for temporary increases in funding facilities interest rate holidays

### 2. Additional Support to Your Finance Team

It is fundamental that businesses are working on their business continuity plans; adding support to your finance team is a good way of ensuring plans can be put into action swiftly. We are already working with many of our clients on the following:

- Support for your finance team in the in the event of a prolonged period of absence
- Assistance with adapting business continuity plans
- Assessment of key business risks
- Dealing with the management information requirements of funders
- Processing business critical payments such as payroll and key suppliers

### 3. Government Support

The 2020 Budget held on 11 March outlined the Government's response to the impact Coronavirus may have on businesses.

On the 17 March, The Chancellor announced a raft of new changes. For the very latest updates, please visit our website at [www.macintyreHUDSON.co.uk](http://www.macintyreHUDSON.co.uk)

Key measures announced include:

- £330billion of Government guarantees for bank loans
- Coronavirus Interruption Loans (CILS) extended from £1.2m up to £5m
- CILS will be similar to the Enterprise Finance Guarantees (EFG) where 80% of the loan will be secured against a government guarantee. It will apply to term loans, revolving credit, asset finance and invoice finance. There will also be an interest free period
- Increased business rates relief for retail, hospitality and leisure businesses. In England, all these sectors will receive 100% retail business rates discount with existing rateable value threshold removed
- Small Business Rate Relief (SBRR) may now be eligible for a £25,000 grant, raised from £3,000 at the Budget
- The Government announced in the Budget a dedicated helpline for businesses needing time to pay for VAT, PAYE and Corporation Tax
- HMRC are encouraging business to contact their [Coronavirus Helpline](#) if they anticipate any issues paying their tax on time due to Coronavirus. We recommend action is taken before the usual payment date
- Accounts filing – Companies House are accepting [requests for deadline extensions](#) if Coronavirus has impacted the ability to file accounts on time. Note – action should be taken ahead of the usual filing deadline

#### 4. Securing extra funding to keep your business stable

Many businesses will require additional funding requirements both short-term and longer-term, but it can be hard to know where to start or know you are getting a reasonable deal.

MHA Financial Solutions is a commercial finance intermediary with over 100 years' experience helping businesses attain funding with old-fashioned values at heart and forward-thinking.

The team has access to the whole market with 175+ financial institutions on our panel from High Street Banks, to Challenger Banks & Alternative Finance Solutions (FinTech) as well, many with competitive interest rates compared to the traditional lenders, and can therefore support you with:

- Tax Funding – VAT, Self-Assessment or Corporation Tax
- Rebate / R&D Loan
- Invoice Finance
- Term Lending including - Cash Flow / Working Capital Loan / Interest Only Loans
- Asset & Stock Finance
- Revolving Capital Facilities – External Overdrafts

#### 5. Working capital management

Assessment of immediate actions required in order to minimise business interruption and maximize working capital:

- Evaluate methods of accelerating payments owed to the business
- Consideration of the deferral of payments to shareholders (dividends), directors and senior staff (bonuses)
- Reduction or deferral in other costs such as non-permanent staff costs and facility costs
- Potentially deferring any other current one-off project related costs; and
- Making other supplier payments on a prioritised basis should it be necessary







## 6. Continuing to utilise employees efficiently

- Many businesses will already have established policies and procedures relating to their workforces and/or be following Government and Public Health England Guidance (the Guidelines) to govern principles such as self-quarantine by employees. We recommend that authorisation processes should be set up involving line managers for all absences relating to this
- Ensuring that the business has full contact details for all staff and have assessed their ability to work remotely and to access the relevant IT systems
- Actions needed to be implemented to ensure full GDPR and Cyber risks and compliance are covered in this working from home assessment
- How each employee can be gainfully employed and retain the ability to work at home, this might include accelerating on-line or remote training programmes
- Managers should be assigned to teams they are responsible for in this scenario and provide appropriate remote supervision and monitoring
- We would advise that contingency planning is carried out on this scenario as soon as possible if this has not already been done

## 7. Property – deferral of costs and protecting property assets

- Controlling the cost of operating will be key if a business ceases to operate from a site for a period of time. Property costs could potentially be reduced or deferred in the following areas

- Requesting a rent holiday from the Landlord for exceptional circumstances
- Offering in return an extra 3 months on the lease term to the Landlord; and
- Taking a very critical look at other facility and maintenance costs, including electricity, gas and rates and pursuing reductions in any fixed elements of the cost
- In addition, businesses should also consider the structuring of their owned property assets and how they are protecting the value of this asset against the “risks of the trade” through structuring or other means

## 8. Restructuring and Recovery advice

- Seeking advice at an early stage is recommended
- We have a team of specialists who can assist with advising you and your business of restructuring options
- We can also assist with debt collection for clients who may be experiencing difficulty in recovering funds due to them

**We have created a dedicated task force made up of specialists who can support you, which also includes the use of our international links around the globe through our BTI membership to work with those businesses trading overseas.**

## Contact us

For further information please contact your local office.

E: [info@mhllp.co.uk](mailto:info@mhllp.co.uk)

## Follow us on:



[macintyreHUDSON.co.uk](http://macintyreHUDSON.co.uk)

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