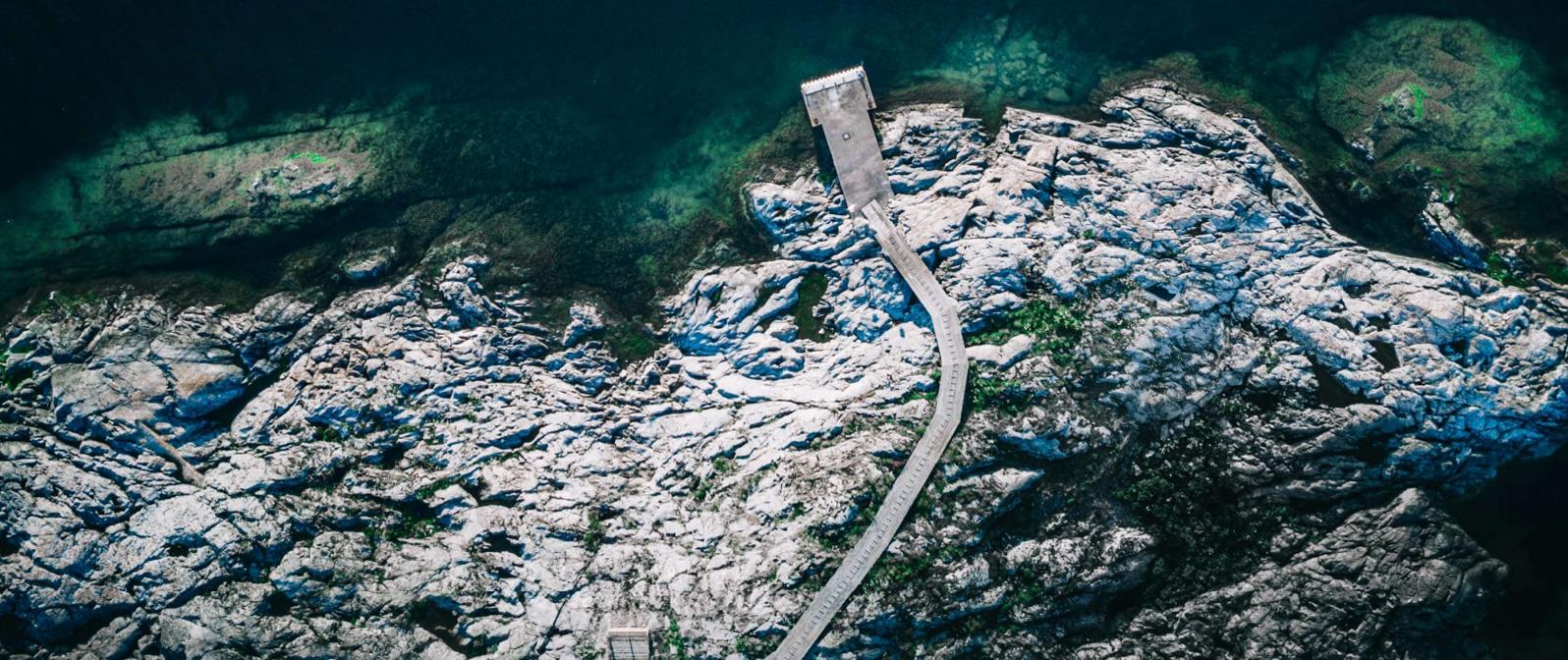


Covid-19

Key Contacts and Short Term Planning



Covid-19

The current economic conditions 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.

We have been working with clients closely as they face these issues. As key decisions have to be made quickly, please be reassured that our expert team is available outside of working hours for advice and support. Immediate points of contact are:

Stephen McConnell, Business Services Partner

For enquires relating to cash flow, government support, applying for business grants, loans and funding.

Tel: 07801 549351

Email: stephenmcconnell@bakertillymm.co.uk

Donal Lavery, Consulting Partner

For enquiries relating to HR and company/employee restructuring

Tel: 07803 508675

Email: donallavery@bakertillymm.co.uk

Stephen and Donal are available daily outside normal working hours as well as Saturday and Sunday. All Partners, Directors and senior staff have access to email at all times.

We have identified eight 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 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

Key measures announced to date include:

- Small businesses with a NAV of up to £15,000 will receive a grant of £10,000.
- A grant of £25,000 will go to larger, medium-sized firms in the retail, tourism and hospitality sectors. Qualifying businesses must have a NAV of between £15,000 and £51,000.
- Businesses in Northern Ireland will not have to pay rates for three months.
- Coronavirus Business Interruption Loan Scheme – details will be announced on 23rd March.
- The Government announced in the Budget a dedicated helpline for businesses needing time to pay for VAT, PAYE and Corporation Tax
- HM Revenue & Customs is 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 is 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 have additional funding requirements both short-term and longer-term, but it can be hard to know where to start or know if you are getting a reasonable deal. We work regularly with clients to secure funding and can provide assistance on preparing business plans and dealing with lenders.

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. Managing Employees

- Many businesses will already have established policies and procedures relating to their workforces and/or be following Government guidance 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 has assessed their ability to work remotely and access the relevant IT systems
- Actions need 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

Flexible solutions for employee costs;

- Understand employee rights in relation to SSP and self isolation
- Changing contracts and terms to adapt to a downturn in business
- Creating a diversity of solutions to ensure business continuity and in meeting staff personal requirements
- Adapting leave arrangements and pay arrangements to reflect capacity to work remotely/volume of work
- In the short term, companies may need to look beyond normal sources for solutions, but in the longer term, lay offs and short term working can be designed in.

Communicating with Employees

- Employees will likely be exposed to conflicting information and feel anxious or confused about the best course of action. Be sure to communicate policies promptly, clearly and in a balanced manner. Furthermore, communicate contextual information and the reasoning behind policies so that employees can deepen their own understanding and also take initiative in unanticipated situations, such as employee holidays and special leave
- Develop communication and line management protocols in the event of remote working

Statutory Sick Pay

In response to the coronavirus outbreak, new Regulations known as The Statutory Sick Pay (General) (Coronavirus Amendment) Regulations 2000 came into force on 13 March 2020. These will remain in force for a period of 8 months. The government will bring forward legislation to allow small and medium-sized businesses (SMEs) and employers to reclaim Statutory Sick Pay (SSP) paid for sickness absence due to COVID-19. The eligibility criteria for the scheme will be as follows:

- This refund will cover up to two weeks' SSP per eligible employee who has been off work because of COVID-19.
- Employers with fewer than 250 employees will be eligible. The size of an employer will be determined by the number of people they employed as of 28 February 2020.
- Employers will be able to reclaim expenditure for any employee who has claimed SSP (according to the new eligibility criteria) as a result of COVID-19.
- Employers should maintain records of staff absences, but employees will not need to provide a GP fit note.
- The eligible period for the scheme will commence the day after the regulations on the extension of Statutory Sick Pay to self-isolators comes into force.
- The government will work with employers over the coming months to set up the repayment mechanism for employers as soon as possible. Existing systems are not designed to facilitate employer refunds for SSP.

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 three 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.

Key contacts for our Restructuring and Insolvency team are:

David McClean, Partner 07984823800

Darren Bowman, Director 07764688666

Lisa Lappin, Director 07525236736

Please contact us to discuss any aspect in more detail.

We understand the tremendous pressure many business owners are currently facing and would urge you to contact Stephen, Donal or your usual Baker Tilly Mooney Moore contact out of normal working hours if it would be of assistance.

Contact details

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Belfast, BT1 3BG
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