

Begbies Traynor offer advice on managing the financial impact of Coronavirus.



Many companies, partnerships, and sole trader businesses simply do not have the financial breathing space to manage an emergency cash flow situation – and this is the threat that COVID-19 is posing to businesses across the country in a wide variety of industries and sectors.

So how can your business cope from the imminent financial impact of this coronavirus?

Talk to your business support network

- Your **business insurance** might provide the cover you need if your business has to stop trading indefinitely. Check your policy wording as you might have Business Interruption cover in your commercial insurance policy – speak to your insurer if you're not sure. Once you have confirmed that you have Business Interruption cover, you will need to check whether you have an extension for "notifiable diseases".
- Talk to your bank about **possible emergency finance options**. The British Business Bank is in the process of setting up the **Coronavirus Business Interruption Lending Scheme** which will provide your lender with a government-backed 80% guarantee against the outstanding facility balance – so the finance should be attainable for all businesses.

- Ask your customers – particularly larger companies – **to pay your outstanding invoices**. Morrisons supermarket have led the way with this by paying 3,000 suppliers instantly, regardless of payment period. Small businesses or the self-employed with invoices issued should use this moment to chase for instant payment.
- Talk to the Government through their **business support helplines**, of which some are dedicated to coronavirus. They are designed to help small businesses with advice on how to minimise/cope with the impacts of coronavirus. The phone number is different depending on your business location:

England: 0300 456 3565

Scotland: 0300 303 0660

Wales: 0300 060 3000

Northern Ireland: 0800 181 4422

- **Ask your landlord for some breathing space** if you're experiencing a drop in trade which is impacting on your ability to pay the rent. Landlords might take a generous approach in these extenuating circumstances by providing rent breaks and/or payment discounts.

Get free professional advice

- **Take time to understand the options available to you and your business** if cash flow worsens and the business becomes insolvent; that means there isn't sufficient funds to pay bills as and when they fall due – such as suppliers and HMRC. Speak to one of our licensed insolvency practitioners completely free of charge and find out what options might be available to you.
- **Talk to a 'Time To Pay' specialist that can defer your tax payments to HMRC.** When cash flow problems arise, companies often struggle to pay corporation tax, VAT, and/or PAYE on time. Thankfully, HMRC has already announced that they are waiving late payment penalties and interest for missed tax payments, but you should make every effort to get Time To Pay in place rather than assuming the Revenue will provide automatic breathing space. **Our specialist HMRC Time To Pay team can negotiate on your behalf** and have an exceptional track record in cementing more palatable payment terms between UK businesses and the taxman.
- If your business is experiencing a downturn in trade, **restructuring your business operations could provide more time going forward to get back on your feet.** Mitigating losses is key in times of financial distress so take advice on which parts of your business could be streamlined or cut back. Look into subscriptions and contracts that you could do without at the present time.
- There are also formal procedures available to companies in the form of a **Company Voluntary Arrangement (CVA) which shield businesses from creditor pressure** and allow them to settle unpaid debts over time. A CVA is a type of restructuring procedure and can sometimes lead to **Administration which protects a company and its creditors from further losses and aims to resurrect the business** and ensure continuation of trade and employment.

- **Emergency funding** can help businesses navigate through troubled waters. There are many **different funding options available and we can provide free advice** in this regard - some which will require a form of security and others simply provided as an old-fashioned capital loan. Bridging loans will be highly-sought after in the coming months. Overdrafts can often be extended. **Invoice factoring is a key solution for businesses looking to recover outstanding invoices** – typically at around 80-85% of their value. And there's the **Coronavirus Business Interruption Lending Scheme** which will soon be in full swing; you'll need to check if your business meets the finance criteria.
- **Directors should also take extra care not to create individual financial exposure** through overdrawn directors' loan accounts and late payments that can breach personal guarantees. It is common for business owners to take money out of a company with the intention of paying it back later in the year – but these unforeseen circumstances may have thrown a huge spanner in the works which could lead to not only corporate insolvency concerns but also personal insolvency problems, e.g. possible bankruptcy and/or IVAs. **We have a designated director liability advice team who can provide free guidance** to company directors concerned about their individual position.
- If cash flow really does begin to bite due to COVID-19 and your business is served with non-payment notices such as **CCJs, statutory demands, or in the most serious situation – a winding-up petition** – you should seek free advice from a licensed insolvency practitioner. These formal notices are often a precursor to liquidation and time is of the essence.
- And finally – if the regrettable situation of insolvency arises and your company has no option but to liquidate, **company directors can get a free assessment for possible director redundancy pay** of which the average payout is around £9,000.

Free business rescue and recovery advice from Begbies Traynor

If you would like specialist advice on any aspect of business rescue, turnaround, or possible recovery methods, the experts at Begbies Traynor are here to provide free advice and support. **For a free confidential discussion with one of our experts advisers call us on 0333 009 6852.**

UK businesses are facing a challenge like no other; the COVID-19 coronavirus presents a huge threat to livelihoods across the country starting with sectors that are consumer-facing such as the events industry, leisure industry, and many more. Business distress is accelerating on an unprecedented scale and taking swift action to arrest a business' decline is absolutely critical. Our partner-led service provides a free director consultation and should you wish to meet face-to-face, we have a network of 78 UK offices ensuring you're never far away from emergency business support.