

# Webinar Crib Sheet

## 5 Ways to Secure Your Business





These details are correct as of the date of the webinar (27<sup>th</sup> March 2020), but things are constantly evolving. Be sure to take advice from an appropriate professional before acting

#### Where to Start

1. Cashflow – Confirm your current position and what is certain to come in
2. Staff – make sure that you are looking after them as best you can and their families are safe.
3. Clients – check in on your clients and find out how they are. Client care is primary, and billable business is secondary in your conversations.

## Finance

- Expect to be chased for payment by your creditors, don't panic but talk to them as everyone is juggling creditors versus debtors
- Contact your debtors and ask for payment of overdue invoices. If the polite reminder doesn't work, then have a conversation with them to see if you can agree payment timeframe. Legal action is a last resort especially if you want them as clients in the future, so decide on a case by case basis whether to proceed.
- Talk to your factoring company and ask which clients you may be insured against.
- Look at the grants and support being made available by the government, utilise everything available so it gives you a longer runway with your cash.
- Best case scenario – put a plan in place to last for the next 3 months.
- Worst case scenario – you'll need to adjust the plan to cover the next 18 – 24 months.
- Start reviewing all your costs, with the biggest expenses first, usually staff then rent.
- Worst case scenario would be to liquidate and start again. This is a fairly straightforward process, but be careful when choosing an insolvency practitioner, as they don't work on your behalf.
- Note insolvency rules may be about to be adjusted due to the current unique circumstances. Have a consultation with a friendly insolvency practitioner and work through the hypotheticals with them.

## Grants

- Business Grant - from your local authority, they will write to you, nothing for you to do.
  - If you are based in a service office or business is based from home (at the time of writing) you may find that you won't automatically qualify for the Business Grant
  - Contact your local authority and ask them to clarify, as this may change.
- Self-employment grants are coming, but the details are still very unclear, and cash won't be available until June.
- Coronavirus Job Retention Scheme, also being referred to Furlough scheme is mentioned below in detail

## Taxes

- VAT payments up to the end of June are now automatically deferred to the end of the 2020/2021 financial year. If you have a direct debit set up with HMRC for your VAT payment, cancel it now.
- Self-assessment – July payment on account has been deferred to January 31<sup>st</sup> 2021. It may be possible to reduce this amount due to the current situation - speak to your accountant.
- PAYE / Corporation Tax – contact HMRC to request a time to pay arrangement.
- Bear in mind that HMRC are going to be busy so only contact them if payments are due now.

## Loans

- Not all banks automatically offer them, so be sure that you are getting a Corona Virus Interruption Loan as normal bank loans are higher interest.
- Apply early, whilst you have a healthy balance sheet, and you are more likely to get the loan and may be able to negotiate with the bank on the rate and terms.
- Even if you don't think you'll need one now, get all the information together and ready in case you do need to apply.
- If you encounter any problems, then raise them with your MP and Business Lobbying Groups, e.g. FSB

## Furlough

- You continue to pay your employees through your usual payroll system then reclaim the money from HMRC as a grant (not a loan), by registering online.
- The scheme is a grant, not a loan and will not need to be repaid.
- It will cover 80% of an employee's regular monthly wage up to a ceiling of £2,500 per month, per employee
- The scheme will only cover 3 months wages, though this might get extended.
- To claim an employee, you must register them with HMRC as furloughed. This is like marking them at risk of redundancy so bear the following in mind:
  - Consult a HR representative to do it right. There are already employees making claims against employers who did not follow process.
  - You will only be able to claim the grant when you've agreed the Furlough with your staff, and they have stopped working for you.
  - They cannot do any work for you, of any kind, and expect HMRC to conduct random checks.
  - You could furlough you staff for 3 weeks and then un-furlough them for one week.
  - Furlough can be backdated to the 01/03/2020, if that is when staff stopped working for you.
- HMRC are in the process of building an online system to administer this scheme.
  - It is expected to become available in April, meaning you may not receive the grant until May. Plan accordingly
  - When you have identified which employees are going to be furloughed you will have to complete the forms on the portal.
  - A letter will then be sent to the employee for them to complete and confirm that they are not working and carrying out any duties.
- Staff had to be on payroll on 28th February 2020, anyone who was registered after that date cannot be claimed for.
  - If you have any new members of staff who started after the 28th February deadline, consider keeping them on the payroll and working full time.
- Directors could furlough themselves, but technically you should legally be carrying out your director duties for the company.
  - We strongly advise you to take further advice on this before you take any action
  - If you can furlough yourself, the scheme does not encompass your dividend payments. Only the actual salary is relevant for this scheme.

## Staff

- If you are considering asking staff to defer their commission payments, you will need to check the wording in their employment contracts and take advice from an employment lawyer.
- Commission – HMRC won't be able to see the split, just the total figure, but there is mixed messaging whether commissions or bonuses are included in furlough calculations.
- Employees can carry out training during the furlough period as it would be classed as part of the continued professional development, however you cannot compel them to do this.
- If you do compel them, you will need to pay them for the time, however, staff are either furloughed or not so this would take them out of furlough.
- Find out what your team is motivated by, other than money, and use it to keep their morale up