

Advice to help you through the coronavirus crisis

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Introduction

Very few small business owners and self-employed people will have contingency plans in place to deal with the repercussions of a global crisis such as we are currently experiencing. Indeed, most are focused on simply trying to make a living. As your accountants, we are well placed to consider the financial impact that this outbreak will have on our clients' businesses and would like to offer you some practical advice to help you weather this particularly rough storm.

1. Keep in touch

The sooner you make your advisor aware of any problems you are having or foresee for your business, the easier it might be to solve an issue. This is especially important with HMRC payments.

Should you need us, our key office contacts are:

RfM Preston: Gillian Telford, Paul Newsham, Lee Tomlinson

RfM Ulverston and RfM Barrow: Paul Newsham, Keith Robson, Karen Rawlinson

RfM Fylde: Alan Meikle

RfM Lancaster and RfM South Lakes: Gillian Telford, Kay Lee, Samantha Hargreaves

2. Think about your cashflow

If you envisage you may have problems, please get in touch as soon as possible so that we can direct you to the right help.

3. Get ahead with your accounts

Under the circumstances, it may seem easier to defer doing your accounts, but it would actually be more prudent to act now. The earlier you can get your accounts information to us, the easier it will be to plan ahead for tax payments. You will also have a clear and current picture of your financial position.

4. Access support from HMRC

All businesses in financial distress and with outstanding tax liabilities may be eligible to receive support from the HMRC's Time to Pay service. Please get in touch for advice.

5. Consider investing in capital items

If, on the other hand, your business has cash reserves and plans to make a large capital purchase, e.g. a van, now could be the time to get a very favourable deal.

6. Check your insurance

If you have business insurance, check the small print to see whether you are covered for any staff or individual sickness claims. Take a moment to review any Business Interruption Insurance cover you may have as well.

7. Stay up to date

We will endeavour to share as much information as we can to support and reassure our business and self-employed clients. Please look out for our emails and updates on our social media channels.

8. Talk to the bank

Investigate what help is available from your bank, should you need it. RBS, Lloyds Bank and Barclays have all pledged to offer support through mortgage repayment holidays, temporary credit card limit increases, and waiving fees for accessing savings and late payments of credit cards, mortgages, and loans.

9. Review your supply chains

Contact your suppliers as soon as possible BEFORE they have started to implement restrictions and think about investigating alternative suppliers. Consider the WHOLE supply chain, not just your direct links, to avoid unexpected problems.

10. Pay your bills

Resist the temptation to pay suppliers late and follow up with your own debtors. Late payments are already starting to cause problems for small businesses with 74% of business owners reporting they were waiting for invoices to be paid.

11. Review business costs

Fixed costs such as wages, rent, utilities, financing costs and tax liabilities are not affected by a decline in sales and, as such, need to be properly managed. Look at reducing any discretionary and non-essential expenses where you can. Investigate whether spreading the cost rather than paying a bill in a lump sum may be an option (e.g. for car insurance).

12. Think about your marketing strategy

Although you may feel you need to reduce costs by rethinking your marketing strategy, this might not be the right time. Customers still need to know that you are there should they need you, and consistency is key to recovery.

13. Review mortgage payments

The cut in the interest rate means that banks will be lending cheaply. Re-mortgaging may be a good route to cut costs and ease pressure. Lending is based on past income data which will invariably paint a brighter picture. Applying for a mortgage after this period will be based on reduced profit figures, which could make it more difficult to get a mortgage.

14. Carry on

It is vital that your business at least gives the impression that it is carrying on. This may be impossible for certain types of business, but is feasible for the many others who might have to self isolate. Look at digital alternatives to dealing with people face-to-face such as Skype, Microsoft Teams or selling your product or service online. And, if you have not yet moved your accounting processes online, we strongly advise you take this as an opportunity to do so.

15. Don't act in haste

If things reach a point where you feel you must put your business up for sale, please do not take any action until you have spoken to your advisor. We may be able to show you alternative ways to secure the future of your business.

16. Look ahead

It's important to look ahead. As Eliot Hoff, the head of APCO Worldwide's Global Crisis Practice has said: "There will be an end to this, as there is with every crisis."

The coronavirus crisis will change the way businesses and society works. When the urgent part of the crisis is over, businesses should consider what has changed for them, what they have learned and plan for any future crisis.

Next steps

Please do not hesitate to get in touch if you need advice from us. Office details and contact numbers are available at [rfm-more.co.uk](https://www.rfm-more.co.uk)