



Coronavirus: Tips to help businesses manage cashflow

The coronavirus is making life difficult for everybody, but there are positive steps you can take to help mitigate losses and protect your business. Here are some practical tips our banking and finance legal team have pulled together to help you with managing cashflow during this challenging time.

Cash flow planning	
Cash flow planning	<p>Traditional 13-week forecast may need extending. Be realistic – best/medium/worst case scenario. Identify:</p> <ul style="list-style-type: none"> • What are the absolute minimum cash requirements? • What is the maximum requirement in worst case scenario? • When will cash run out? • What costs and expenses can't be met e.g. rent, VAT?
Suppliers	<p>Assess own inventory and requirements to fulfil customer contracts. How will suppliers be impacted? What (if any) contingency plans do key suppliers have? Review key supply contracts. Force majeure applicable?</p>
Customers	<p>Review credit insurance limits. Review credit limits. How will customers (and their ability to pay) be impacted? How will relationships be maintained for the future?</p>
Funders	<p>Review facility arrangements. Will a breach or event of default be triggered? Talk to relationship managers e.g. to agree a payment holiday/ extension/waiver or discuss other funding options. Consider whether additional support (e.g. through government schemes) will be needed.</p>
Insurance	<p>Review policy documents to check if it provides relevant cover e.g. business interruption. Speak to broker.</p>
Prioritise	<p>The absolute must dos e.g. maintaining good credit control measures to get cash in. Measures that can be taken if needed e.g. measures that may have a short-term impact on goodwill but will not affect the business longer term. Measures of last resort e.g. deferment of payroll, rent, rates, HMRC liabilities.</p>

Cost savings/cash flow relief	<p>Stop/postpone all non-essential capital expenditure.</p> <p>Take off hire any unused plant.</p> <p>Talk to suppliers – can revised payment terms be agreed?</p> <p>Delay recruitment plans.</p> <p>Stop/postpone any special projects.</p> <p>Talk to HMRC – take advantage of the deferment of VAT, can payment terms be relaxed or a time to pay arrangement be agreed?</p>
Communication	<p>Critical to maintain a good working relationship with all stakeholders – their continued support will be needed!</p>
Assistance	<p>Consider measures introduced by the government to help those affected by the coronavirus which can be found here</p>
Governance	<p>Keep situation under close, regular review.</p> <p>Ensure financial management information is kept up to date and realistic.</p> <p>Record all decision making and rationale for making decisions.</p> <p>Be mindful of the interests of creditors where insolvency becomes a real risk.</p> <p>Ask for help and take professional advice where needed.</p>

All our team are working remotely and are fully equipped to support you as normal, so please contact any of us, at any time, for more help and advice.

For further information

Please contact:



Louise Duffy
partner and head of
banking & restructuring

T: 0191 211 7946
M: 07894 447 325

louise.duffy@muckle-llp.com



Kelly Jordan
partner and restructuring
and insolvency specialist

T: 0191 211 7899
M: 07711 003 800

kelly.jordan@muckle-llp.com



Kevin Maloney
partner and banking and
finance specialist

T: 0191 211 7914
M: 07525 129 177

kevin.maloney@muckle-llp.com

Muckle LLP

Time Central, 32 Gallowgate, Newcastle upon Tyne, NE1 4BF | DX 61011

Tel: 0191 211 7777 | Fax: 0191 211 7788 | muckle-llp.com