



COVID-19 – Restructuring/Cash Flow Management

Cash is King is a much-quoted phrase and is one of the truisms that you can rely upon under the current circumstances. We are all in uncharted territory, but it is more than a fair assumption that any business that was profitable and stable prior to the lock down will be so again.

Cash inflows are difficult to manage at the best of times and you may be in hospitality with no income whatsoever. However, you can incentivise customers to pay early and, if, for instance, your restaurant is closed you can provide a takeaway or deli service to defray costs.

However, when it comes to spending (or not spending):

1. Make sure you are claiming under the [Coronavirus Job Retention Scheme](#).
2. Check to see if you qualify for other grants under the recent government initiatives, i.e. zero rates and associated cash grants.
3. Cancel your VAT direct debit, seek more time to settle VAT and PAYE that was due prior to 20 March.
4. Contact your landlord and rating authority to say you cannot pay until business returns to normal and agree to speak again when the virus subsides.
5. Seek holidays on bank loans and hire purchase contracts.
6. Make sure your insurance policies are still effective.
7. Speak to your bank about the possibility of funding support through the [Coronavirus Business Interruption Loan Scheme](#), [Bounce Back Loan Scheme](#) or Recovery Loan Scheme and Restart Grants.

You might consider mothballing your business. For many the cost is low and often cheaper than trying to keep the doors open. This is an option we are increasingly advising upon.

In more extreme cases where creditor pressure or the day to day cost of survival cannot be funded, both formal and informal insolvency procedures can help. In the near future the government is planning to introduce a new moratorium which may help freeze debts. This is expected to be enacted shortly after Easter.

If you would like further information, please contact our Corporate Team below:



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