

RESTART: COVID BUSINESS REVIEW

We understand that this is a very challenging time. The transition to the post Covid world is likely to be difficult and working out the right direction and strategy is imperative.

Many businesses have been highly impacted by the Covid 19 crisis and will have taken advantage of the government support schemes, such as the coronavirus job retention scheme (CJRS) and government guaranteed loans.

However, these schemes will be withdrawn as the crisis eases. At this point, not only will HMRC and other creditor deferment be reversed but any borrowings, such as the Coronavirus Business Interruption Loan Scheme (CBILS) or Bounce Back loans, will eventually need to be repaid.

You will need to:

- Find the working capital to fund the restarting/growth of the business
- Deal with creditor overhang from the crisis period

These two are linked – it is essential both for your business and the wider economy that growth is not strangled by the overhang of Covid era problems. Proper analysis and planning can maximise the benefits for all stakeholders.

BENEFITS OF HAVING A REVIEW

- **Expert advice from a friendly face** - we want you and your business to succeed and will work with you to give you the best options for the future
- **Impartial help and support** - we will provide an expert and objective analysis of your current situation and possibilities for the future
- **Understanding and addressing the reality of the situation** - we know it's a really hard time but the earlier you look for help and advice, the better the chance of securing a healthier future for your business
- **It doesn't have to mean insolvency** - there are often other options available to manage financial pressures and sometimes an insolvency practitioner can provide a fresh perspective and avoid failure by helping to negotiate a better alternative

SO HOW CAN WE HELP?

We want your business to succeed and will work with you to try and achieve that, using our knowledge and experience to make sure that you get the best possible advice.

Our experts have a wealth of experience in a wide range of sectors that include hospitality, manufacturing, food and agriculture, and

charities to name a few. We really understand your business and the areas that you work in.

If you're concerned about your business and its future, the earlier you seek advice the more options there are likely to be.

OUR COVID RESTART REVIEW OFFERS YOU

Assessment of the current financial situation	✓
A business plan as the restrictions ease – we can either prepare a plan or reviewing yours	✓
A financial projection with sensitivities and a focus on cash needs	✓
Setting out the options for your business – from fundraising (both loan and equity), restructuring options, the tax effects of reorganisations, to the consideration of directors' duties and responsibilities, creditor negotiations and where necessary, insolvency processes and appointments	✓
Recommendations and actions – preparation and monitoring against an agreed plan based on the conclusions of the review	✓

It is likely that the issues you are facing will need both creative and commercial use of business planning and creditor management skills, including (where appropriate) the use of formal insolvency process to keep business going and maintain as much employment as possible.

HOW WE HELPED A CARE HOME GROUP

- Low margin occupancy dependant business
- Had sold and leased back its Homes
- High fixed rents not feasible with Covid effect on costs and occupancy
- Applications for CBILS declined on viability
- We helped prepare projections showing what the Group could afford to pay
- Group used the report to renegotiate terms with its landlord

THAT DREADED I WORD

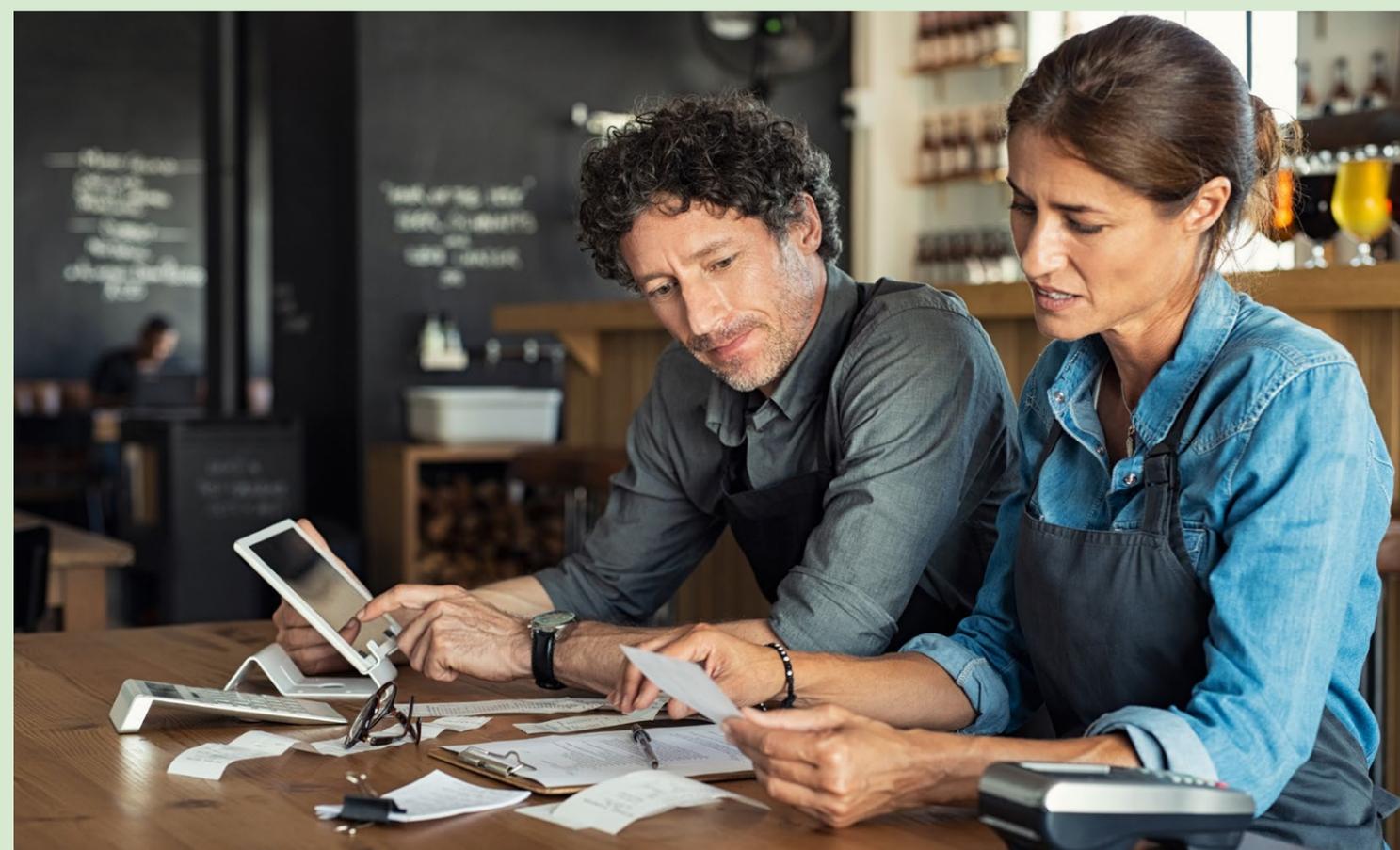
We know that as a business owner, the word insolvency is not one that anyone wants to hear. However, the early involvement of an insolvency practitioner can actually reduce the chance of a failure of a business.

Whilst insolvency processes are a last resort, an understanding of insolvency outcomes is an essential reference point in seeking to negotiate

with existing creditors including banks, landlords and asset financiers. If the offer being made to them is better than the formal insolvency outcome they are more likely to accept it – especially if other creditors are accepting similar deals.

HOW WE HELPED A CHARITY

- Charity providing employment related training services
- Underperformance on a large contract led to losses and financial pressure and a significant funding requirement
- Guarantee liability in respect of former premises also added to pressures
- No asset base to provide security for funding
- Approaches made to charities with similar purposes with a view to strategic partnership
- Partner found but only prepared to take on part of the activities
- Transfer of part of the operation negotiated and effected via pre packaged administration sale



HOW WE HELPED A MEDIA GROUP

- Group suffered downturn in business and had significant creditor pressure, notably from HMRC
- Potential investor had been found but accounting uncertainties arose during due diligence so company sale not feasible
- Sale of business negotiated in accelerated timescale
- Business transferred immediately on appointment as administrators – pre packaged sale
- Business continued under new control and with fresh investment
- All employees transferred with the business so no jobs lost

HOW WE HELPED A MULTI RETAIL SITE

- Company had expanded rapidly to 10 outlets and spent heavily on bringing the sites to a high standard
- Poor trading at four of the sites meant that they were not viable and led to cash crisis
- We helped prepare a restructured viable business plan based on continuing with the six profitable outlets
- The landlord liabilities arising from the ceased premises, along with the associated redundancy costs, were not manageable from cash flow so company proposed a Company Voluntary Arrangement (CVA)
- With support from the bank, the CVA proposal was approved on the basis that the company made contributions out of income over a 5 year period
- CVA satisfactorily completed with return of 37p/£ to creditors

Please do get in touch if you have any queries about our Restart Review and how we can help your business.



**LUCINDA
COLEMAN**

lucinda.coleman@
pkf-francisclark.co.uk
07730 096776



**STEPHEN
HOBSON**

stephen.hobson@
pkf-francisclark.co.uk
07979 507954



**NICHOLAS
HARRIS**

nicholas.harris@
pkf-francisclark.co.uk
07979 507954



**SCOTT
BEBBINGTON**

scott.bebbington@
pkf-francisclark.co.uk
0117 403 9800

pkf-francisclark.co.uk

PKF FRANCISCLARK

Chartered accountants & business advisers

SHAREDAMBITION

BRISTOL

EXETER

PLYMOUTH

POOLE

SALISBURY

TAUNTON

TORQUAY

TRURO

0117 403 9800

01392 667000

01752 301010

01202 663600

01722 337661

01823 275925

01803 320100

01872 276477