

Business finance advice when cash is scarce



Our latest business finance advice covers an update on government support and actions you could take to safeguard cash flow.

While we all wait for the vaccination programme to allow us to resume more normal lives, there is much uncertainty. Last week the government announced new grants to help more businesses hit by the coronavirus pandemic.

They introduced grants for those in retail, leisure and hospitality, worth up to £9000 per property.

This is in addition to the furlough scheme, which has been extended until 30 April – and business rates relief. There have been calls for an extension of the business rates holiday to the end of the year – but it is currently due to end on 31 March. The Chancellor is considering whether to extend other support packages further.

At time of writing, the existing lockdown rules in England are due to be reviewed on 15 February.

Business finance advice on protecting cash flow

In many circles there isn't a great deal of cash to go round. To help improve the situation with cash flow, some of these ideas may help:

Tax relief schemes

Check that you have claimed everything your business is entitled to in terms of tax relief. We wrote recently about R&D relief but there are several others to consider, like Capital Allowances, the Patent Box to lower rates of Corporation Tax, and various sector-specific schemes.

Is your stock paying its way?

Have you got too much stock – identify your slow-moving, unprofitable goods and consider how to get rid.

Are your fixed assets fixed but no asset?

Have you got any fixed assets that you don't use or which aren't producing a benefit? Sell them.

Grants and funding

As well as coronavirus support schemes, your business might be able to access funding options available for businesses for research and innovations. Our Brexit trade deal included joining the Horizon Europe scientific research programme. You could also look at the UK Research and Innovation funding (UKRI - www.ukri.org/opportunity/).

Employee Ownership schemes/Staff incentives

Employee Ownership Trusts (EOTs) and Share Incentive Plans can generate cash and also encourage staff loyalty and motivation. EOTs have been around since 2014 and some or all of a company's shares are sold to an EOT, which pays annual dividends to all employees (tax free up to £3,600).

Card payments disappearing?

If you take card payments or are trading online, choose a merchant provider that doesn't keep your cash for a long time before crediting your bank.

Late payers

Ensure that if you have clients who pay late, you – or a credit controller – chases them. It isn't rude to request politely that they pay you – it IS rude (and unacceptable) for them to delay payments regularly past their due dates.

Communicate about payment terms

If you are struggling to pay *your* suppliers perhaps you could agree longer payment terms with them? Don't bury your head in the sand – better to talk to them early on.

Our business finance advice is based upon many years' experience and is tailored for each situation. Contact us if you'd like further details or help.