



FEBRUARY 2021

ASSISTING WITH THE RECOVERY ACTION

It is undeniable the impact COVID-19 has had on the world in which we live. In Australia, we watched the initial headlines of positive cases, followed by the swift response of hard lock downs. We have experienced the ongoing Government announcements in efforts to aid business health and stimulate our economy. As the financial support slowly ends, clients may be concerned with navigating the impending months ahead.

To date the assistance from Federal and State Governments and various institutions has included:

- Cash flow boosts for employers
- Temporary rent and repayment relief measures for financially distressed businesses
- Increases to the instant asset write offs
- Initiatives in backing business investments and supporting apprentices and trainees.

The Federal Government has also recently legislated the JobMaker Hiring Credit scheme, with the first claim period ending 30 April 2021. It encourages new jobs for young job seekers and employers under this scheme, will be provided incentive payments for eligible employees up to 12 months. We have previously issued [client alerts](#) regarding this in determining eligibility and payment rates.

Our immediate role as advisors has been providing guidance on the eligibility and application of such relief measures. We continue to do so ensuring our clients can navigate COVID-19 Government responses and measures.

However, we also believe it is important to give clients time to focus on their businesses and the new 'normal' in which they are now operating. We are assisting clients to operate in an uncertain climate that includes intermittent lockdowns and potentially reduced returns. We are now facing the transition to recovery and it is vital for clients to understand how to prepare for this. Whilst not exhaustive, the below are just some areas in which we can help clients in taking action.

Current Financial Positions

To make critical decisions in a difficult environment, it is important to have current financial data. Your past financial data will provide a basis in which to forecast and project future activity. Having up-to-date accounts will also allow you to determine the immediate cash position of your business and if required, which assets to liquidate for cashflow purposes or how much additional funding is needed.

Financial Health Checks

We can review your key indicators to check how your business is tracking. This may include consideration to the value of daily sales, value of purchase orders and outstanding debtors. Analysing your Financial Statements via ratios is important for any business decision. A couple of common ratios include:

- Liquidity - 'If your business did not have any sales, can it meet its current obligations?'
- Debt - 'Is cash flow sufficient to continue meeting all debt servicing obligations?'

Improve Cash Flow

Forecasting cash flow can indicate potential problems and allows for proactive management once identified. Cash flow forecasting includes identifying high demand products, reducing stock orders, debtor recovery, payment extensions and reduced spending including delayed capital expenditure if appropriate.

More specifically, if you are unable to meet Australian Taxation Office obligations, we can set up payment plans in which you can pay down the debt by way of instalments. As your tax agent, we can manage the negotiations on your behalf, relieving some of the burden.

Have a Contingency Plan

We can assist you in developing a contingency plan for operation should the Government close non-essential businesses. This may include implementing working from home arrangements or the difficult decision to cease business operation during the period of closure.



Restructuring after COVID Safe Harbour

COVID Safe Harbour provided Directors with temporary relief from being personally liable for debts incurred by the Company (insolvent trading). However, the extension ended 31 December 2020 and if you now suspect your company is or likely to be trading insolvent, you should engage our experienced advisors in Insolvency & Business Recovery who can assist with navigating the next steps.

Finance Brokerage Service

Grow Capital Finance (associated with Hall Chadwick QLD) is a licenced finance brokerage business who can assist with commercial, rural, equipment and home loan finance. They will understand your specific needs and realise effective solutions that can support your business through this time.

It is important that we are proactive in the protection of your financial position, and ensure you are in a strong position once the recovery has ended. If you are struggling with business operation including the ability to pay creditors, tax obligations, employment obligations and servicing loans, we encourage you to seek our immediate professional advice.

**For more information or assistance with your application please contact us:
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