

FINANCIAL MANAGEMENT  
AMID COVID-19  
7 APRIL 2020

MORISON + CREED

— *We advise business* —

# KEY THINGS

- CASH IS KING
- Create financial clarity
- Everyone is impacted
- Know what decisions to make and in what order
- Wage subsidy obligations
- Mindset - LEAN

# WHAT IS YOUR CASH POSITION?

- Cash position now
  - What is our starting point?

# FINANCIAL CLARITY = CASH IN

- Government – wage subsidy
- Customers
  - Communicate
  - Collect outstanding debt
  - Payment options
  - Support and retain your customers / market share
  - Terms of trade
- Keep on top of GST

# FINANCIAL CLARITY = CASH OUT

- Know your cash outflows
  - Stop
  - Reduce
  - Defer
  - Essential
- Communicate
  - Payment terms
  - Payment options
- Unused assets / equipment

# GOVERNMENT ASSISTANCE FOR BUSINESS

- Wage subsidies / rebirth of leave payment
- IRD package
  - including provisional tax threshold lift (from \$2,500 to \$5,000),
  - reinstating building depreciation
  - interest / penalty write off on late paid tax,
  - immediate tax write-off for fixed asset purchases to \$5,000 for the 2021 tax year (\$1,000 thereafter)

# BANK ASSISTANCE

- Know what levers to pull and in which order
  - Increasing temporary overdraft facilities
  - Review and extend trade credit
  - Asset finance funding (potentially now available over existing assets?)
  - Loan repayment holiday, deferment of repayments, or interest-only
  - Re-draw/extend mortgage term back out to maximum (e.g. 25/30 years)
  - Consolidation
  - Business credit card options

# BANK ASSISTANCE CONT

- Business Finance Guarantee Scheme
  - Turnover \$250k - \$80m
  - Up to \$500k business loan
  - Up to 3 years
  - Primarily to support operating expenses
  - GSA required
  - Guarantees required



# DOING THINGS DIFFERENTLY

- Reassurance
- Create engagement
- LEAN

# WHERE TO FROM HERE?

- Cash Position
- Cash Surplus
- Financial certainty
- Levers to pull and when
- LEAN
- Cash conversion
- Communicate. Communicate. Communicate.

# QUESTIONS??

- Cashflow Forecast
- Business Plan
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