

EXPERTISE • COMMITMENT • VALUE



## CORONAVIRUS: Working With You



### A PRACTICAL GUIDE

At Burton Sweet we are always looking for ways to help our clients.

You will be aware that the government has set out a number of measures to support businesses and individuals through this crisis. Some of these measures are set out in the following booklet along with advice and guidance as appropriate.

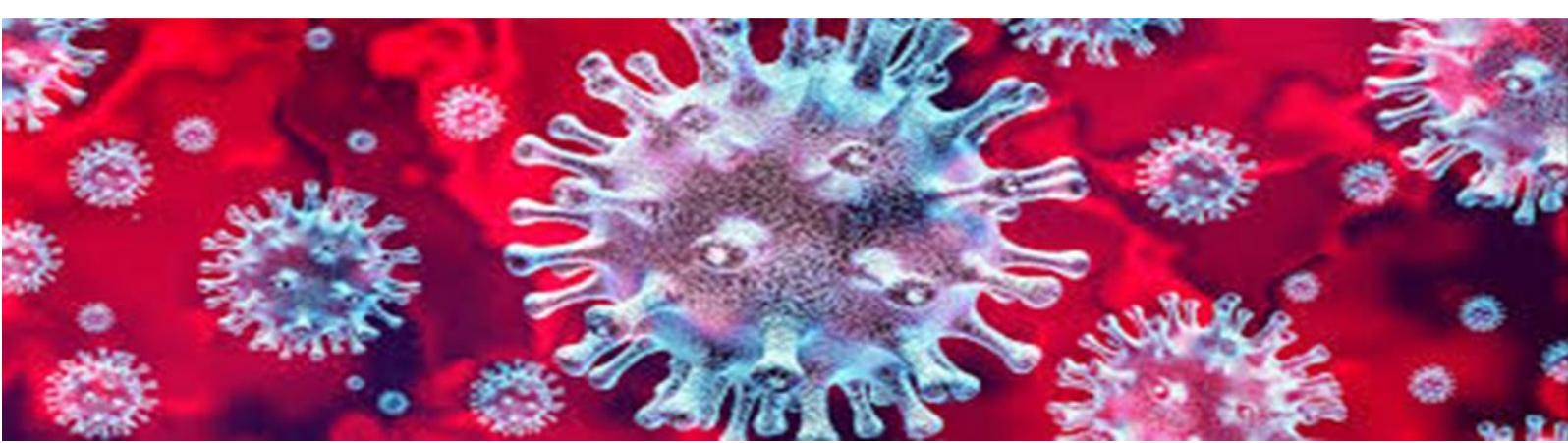
Our role is to help you get the government support promised and to provide you with advice and guidance on managing the risks to your business whilst maximising your cash flow, ensuring you meet filing deadlines and other compliance required.

We are committed to helping our clients through this period of uncertainty and will be available for help and assistance throughout.

This booklet is a guide to practically help you think through your options and implement a strategy to optimise the cash that you have and therefore enable you to continue successfully through this period.

Please note the content of this booklet is accurate at the time of distribution and regular updates to this will be made available as more information is provided.

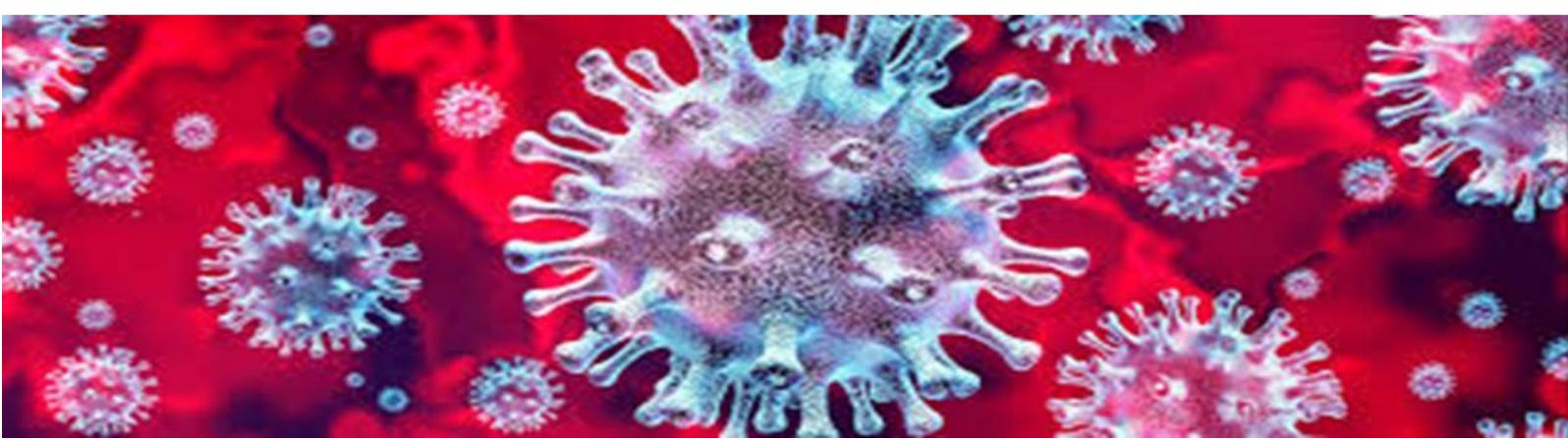
**Edition released 7 April 2020**



## A STEP BY STEP GUIDE TO MAXIMISING YOUR CASH FLOW

### Contents

1. Forecast your cash flow
2. Deferring HMRC payments and loan/mortgage holiday
3. Furloughing employees
4. Rates relief, applying for grants and help for the self-employed
5. Applying for a government backed loan
6. Changes to rules
7. Charities – management of funds and reserves



# FORECASTING YOUR CASH FLOW

## Cash flow forecasting

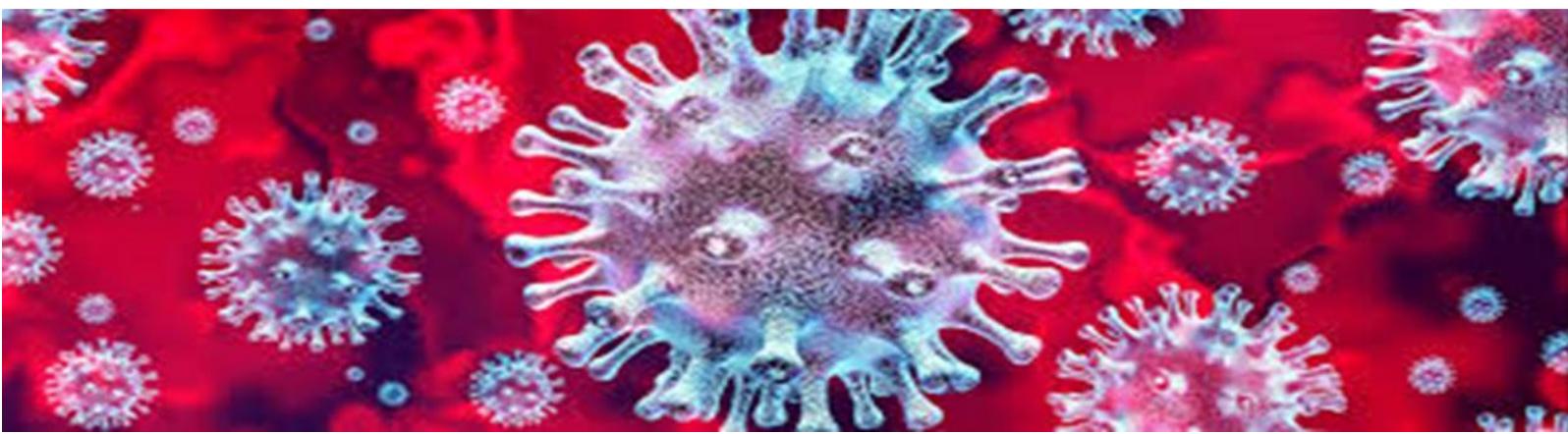
### Who does this affect?

- Limited company
- Sole trader/partnership
- Charity

### How to access it?

Technically all entities, organisations and individuals can consider a cash flow forecast as a very valuable tool in this time of uncertainty.

- Utilising what you know about future cash receipts and payments, you can construct a picture of where the cash for your entity is going to move over a set period of time into the future.
- All of the other sections to this guide are designed to impact the cash flow in the future positively, however this will be a tool to monitor how this has impacted cash flow and where there might be pinch-points in your cash flow expectations.



- There isn't a government tool to assist you in this, however we would recommend that you do look to prepare such a document to best prepare your organisation for the future.
- Your cash flow forecast should be updated as time goes on, actual cash received and paid will update the document and you can extend into the future as it develops.
- To add further value you can consider an optimistic and pessimistic scenario to better understand what you need to achieve.

If you would like us to assist you in creating a cash flow forecast or regular cash flow forecasts, please do get in touch with Edward Furse or Josh Kingston and we will be happy to help you.

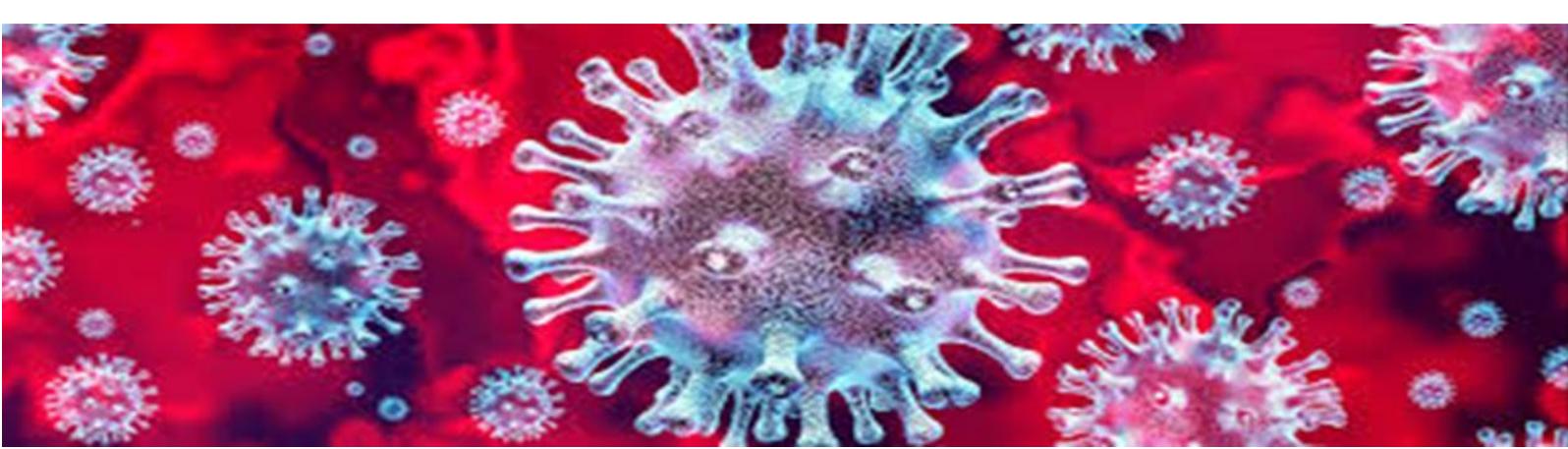
*Please note that any advice and services we provide will be tailored to the complexities of your business and therefore the time required to assist you in preparing a forecast.*



Edward Furse  
Tel: 01749 342255  
Email: [Edward.Furse@burton-sweet.co.uk](mailto:Edward.Furse@burton-sweet.co.uk)

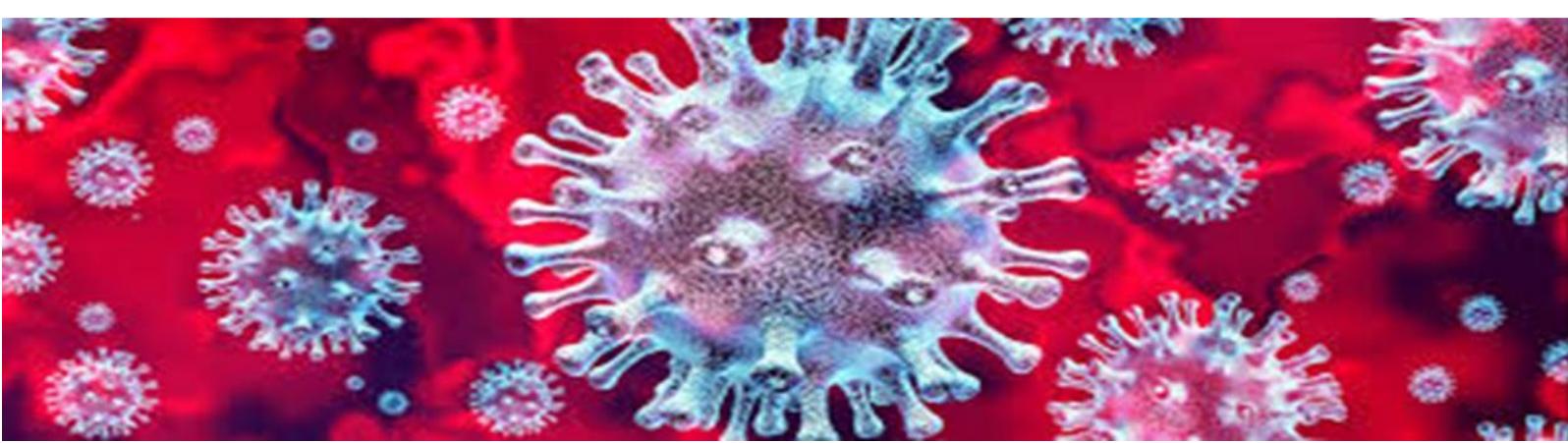


Josh Kingston  
Tel: 0117 9738441  
Email: [Josh.Kingston@burton-sweet.co.uk](mailto:Josh.Kingston@burton-sweet.co.uk)



## Burton Sweet key points:

- When considering loan applications banks are going to be asking for cash flow forecasts, sometimes for two scenarios; both the expectations for the future with or without the impact of the coronavirus.
- For loan applications a profit and loss forecast will also be needed.
- For the monitoring of the cash health of your organisation, a detailed daily look at the upcoming minimum of three months is recommended at this time of uncertainty.
- Estimate future cashflows on a daily/weekly basis, using an average of the incoming cash you have received in the last 2 weeks incorporating any known, out of the ordinary receipts to come.
- If you are using Xero – you can export a cash summary report. This is on a monthly basis but could form a basis for your assumptions.
- Include all known future cash outlays and ensure that the timing of these are accurate.
- Please see other sections of this document to consider reductions or changes to the timing of cash outlays and potential receipts due to government interventions.
- Include an assumptions page/tab in your workings, this will explain how you have constructed your cash flow. For example, you could assume that customers pay at 30 days, then change your assumption to 45 days. If you link the workbook together, this could alter the forecast more automatically.
- For a weekly or monthly forecast, a format where receipts and payment categories are structured on the vertical axis, with time on the horizontal axis is advised.
- There are a number of applications that are available that could assist you to prepare a cash flow – some are linked to existing products such as QBO or Xero.



# DEFERRING HMRC PAYMENTS AND LOAN/MORTGAGE HOLIDAY

What is available to you:

1. Deferring the upcoming VAT payment
2. Deferral of Self-Assessment (SA) payment on account due 31<sup>st</sup> July 2020
3. Time to pay
4. Mortgage or loan repayment holidays

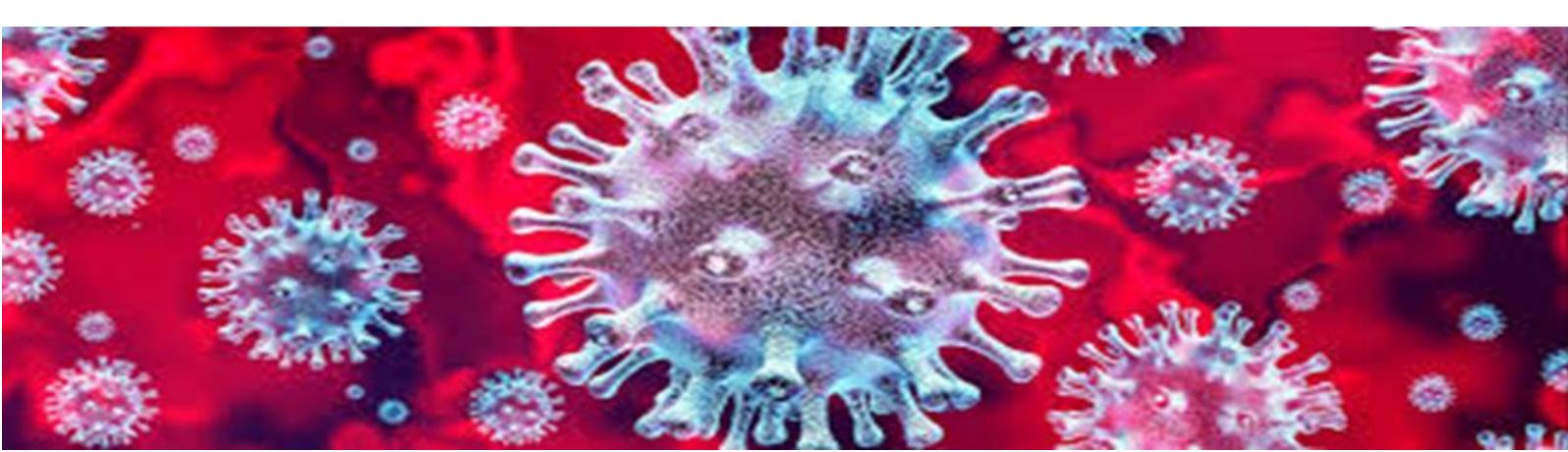
How to access these schemes:

## 1) Deferring the upcoming VAT payment

- This is an automatic offer for all VAT-registered UK businesses.
- You must still prepare and file your return as normal.
- VAT payments due between 20 March 2020 and 30 June 2020 are to be given to the end of the 2020-21 tax year to pay any liabilities that have accumulated during the deferral period.
- Refunds will be processed as normal.
- Ensure that if you pay your VAT by direct debit that you cancel the direct debit in good time so that HMRC do not attempt to automatically collect the VAT due per your return.

### Burton Sweet Key Points

- If you are receiving a VAT refund – then it is business as usual and this section does not apply to you.
- This is a short-term cash flow benefit. You will need to plan when you intend to pay the VAT over to HMRC within the tax year.
- Note that the VAT deferral is for this period only. VAT liabilities for future quarters would only be eligible for the ‘time to pay’ scheme (see section 3).

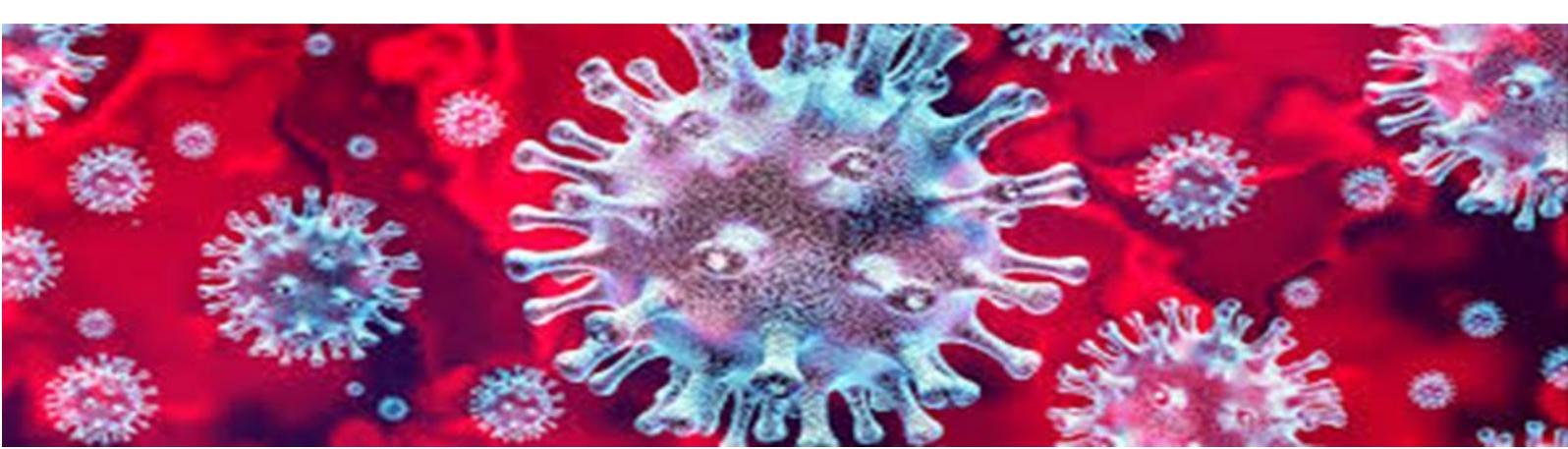


## 2) Self-Assessment payment on account deferral

- If you are due to make a self-assessment payment on account on 31 July 2020 then you are eligible for the deferment.
- Although the guidance says the deferment is optional and intended for those suffering hardship as a result of the coronavirus, it is an automatic offer with no applications required.
- No penalties or interest for late payment will be charged if you defer the payment of your July 2020 payment on account until 31st January 2021.

### Burton Sweet Key Points

- The deferral of the July payment on account will mean that the January 2021 payment will be that much higher and will need to be planned for.
- Payments made late after 31<sup>st</sup> January 2021 will have interest and surcharges as normal.
- Please see 'time to pay scheme' (see section 3)
- Our recommendation is to get your tax return done early this year as it will give you a clear picture of what your liability will be for the year ahead.
- The trading period affected by the coronavirus will largely fall into the 2020/21 tax year and therefore applicable payments on account may be reduced, however HMRC will charge interest if payments on account have been underpaid.



### 3) Time to pay

All businesses and self-employed people who pay VAT income tax or corporation tax to the UK government, who are in financial distress, and with outstanding tax liabilities, may be eligible to receive support with their tax affairs through HMRC's 'Time to pay' service.

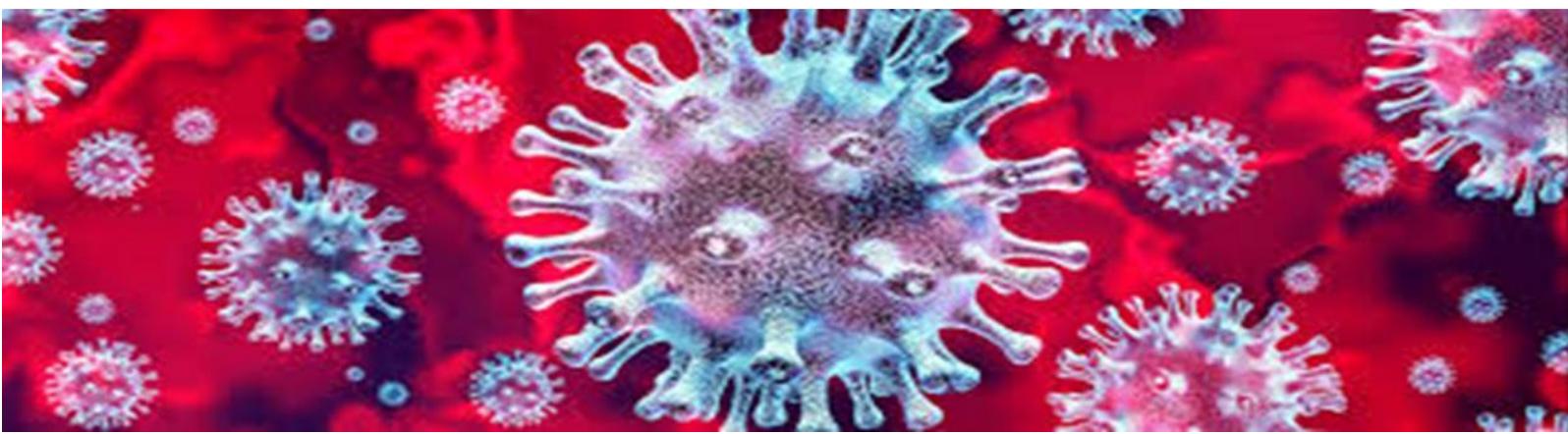
These arrangements are agreed on a case-by-case basis and are tailored to individual circumstances and liabilities.

If you have missed a tax payment or you might miss your next payment due to COVID-19, you can access this support by calling HMRC's dedicated helpline: 0800 024 1222.

The phonenumber's hours are from 8am to 4pm and there are fewer advisers available due to COVID-19.

#### Burton Sweet Key Points

- In the right circumstances this is an essential tool to utilise to ensure the continuity of an organisation. It may give the sufficient breathing room for cash to become available.
- Make the 'time to pay' arrangements sooner rather than later.



## 4) Mortgage holiday

This is an agreement that homeowners are able to make with their mortgage provider to pause making mortgage payments for a set amount of time. Payment holidays are designed to help when you experience difficulty in making your regular payment, such as now due to coronavirus.

The payments are only deferred and in agreeing the mortgage holiday with your lender you will either need to increase your future payment amounts or extend the length of the mortgage.

The FCA's guidance to banks makes it clear that a mortgage holiday will not have a negative effect on your credit rating.

Mortgage holidays need to be arranged so do not cancel your direct debit – this will be recognised as a missed payment which will affect your credit rating.

The application period is any time before the guidance is reviewed in three months – near the end of June.

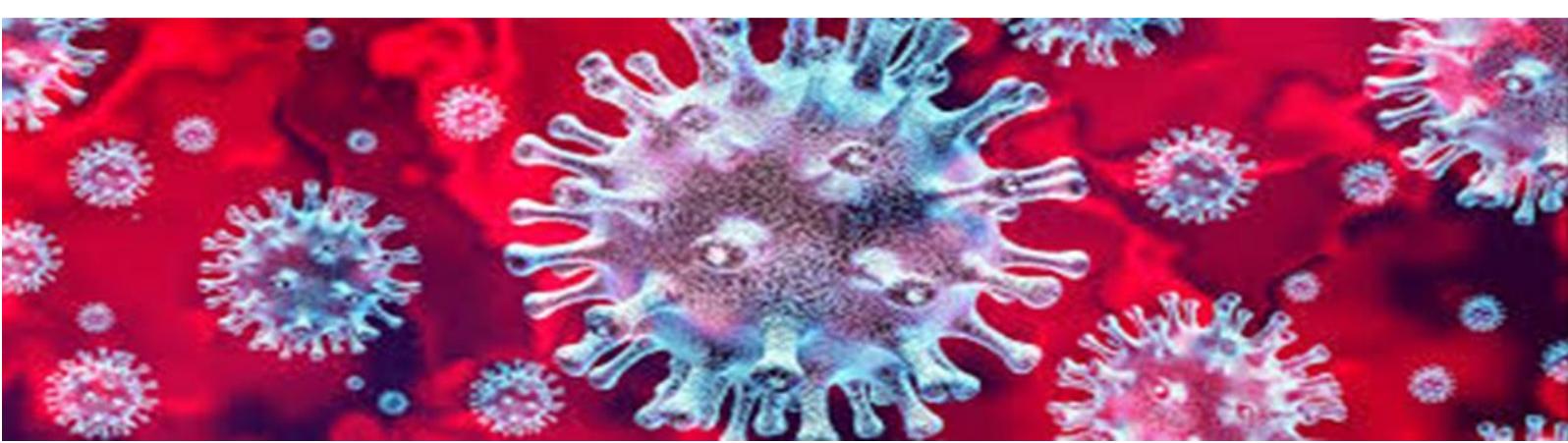
## Loan repayment holiday

HM Government have instructed Banks and other lenders to facilitate a 3 months or more Business loan repayment holiday.

As with mortgages, the payments are only deferred by agreeing the repayment holiday with your lender and you will either need to increase your future payment amounts or extend the length of the loan.

## Burton Sweet key points

- Lenders have been overloaded with requests, so ensure that you apply in good time before your next payment. Some lenders are streamlining the process with an online form, however it will still take around 10 working days before the payment holiday will start otherwise it would start the following month.
- Lenders are halting new mortgage lending at this time due to uncertainty in the market and valuations being unable to be carried out.
- If your household income has taken a decline in this period, deferring what is likely to be the largest cost each month for three months is a very sensible move.
- Get in touch with your loan provider as soon as possible to discuss ways of taking repayment holiday should you require it.



# RATES RELIEF, APPLYING FOR GRANTS AND HELP FOR THE SELF-EMPLOYED

What is available to you:

1. Support for businesses that pay business rates
2. Cash grants for retail, hospitality and leisure businesses
3. Support for businesses that pay little or no business rates
4. Help for the self-employed

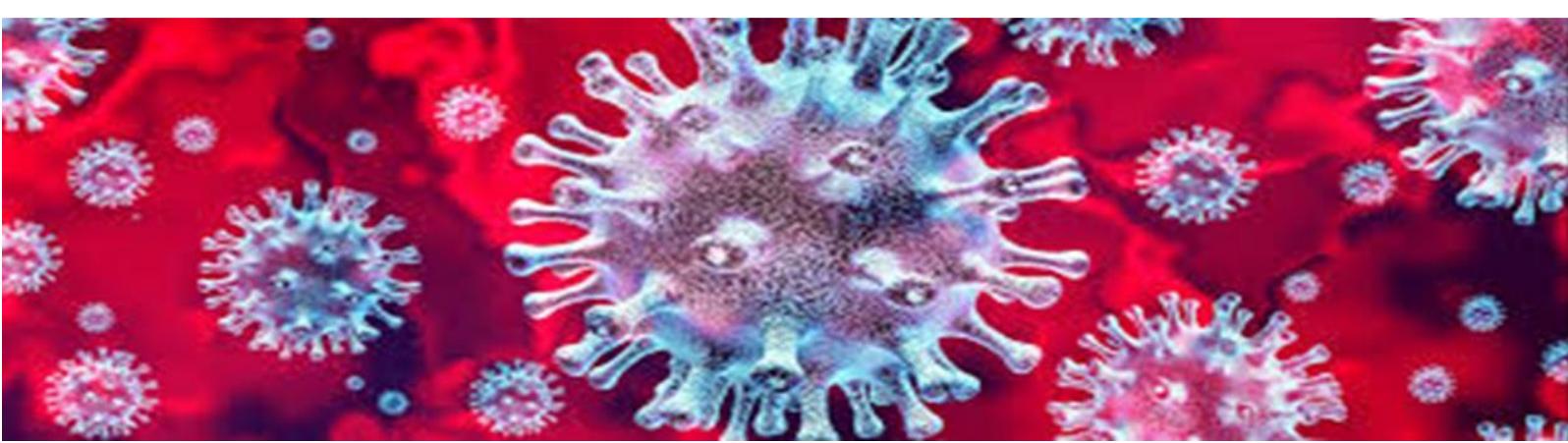
## 1) Support for businesses that pay business rates

The Government is introducing a business rates holiday for retail, hospitality and leisure businesses in England for the 2020 to 2021 tax year.

Businesses that received the retail discount in the 2019 to 2020 tax year will be rebilled by their local authority as soon as possible.

Who is eligible?

1. your business must be based in England
2. your business must be in the retail, hospitality and/or leisure sector, or a nursery
3. Properties that will benefit from the relief will be occupied trading premises that are wholly or mainly being used:
  - as shops, restaurants, cafes, drinking establishments, cinemas and live music venues
  - for assembly and leisure
  - as hotels, guest & boarding premises and self-catering accommodation



## How to access the scheme:

- There is no action for you. This will apply to your next council tax bill in April 2020. However, local authorities may have to reissue your bill automatically to exclude the business rate charge. They will do this as soon as possible.

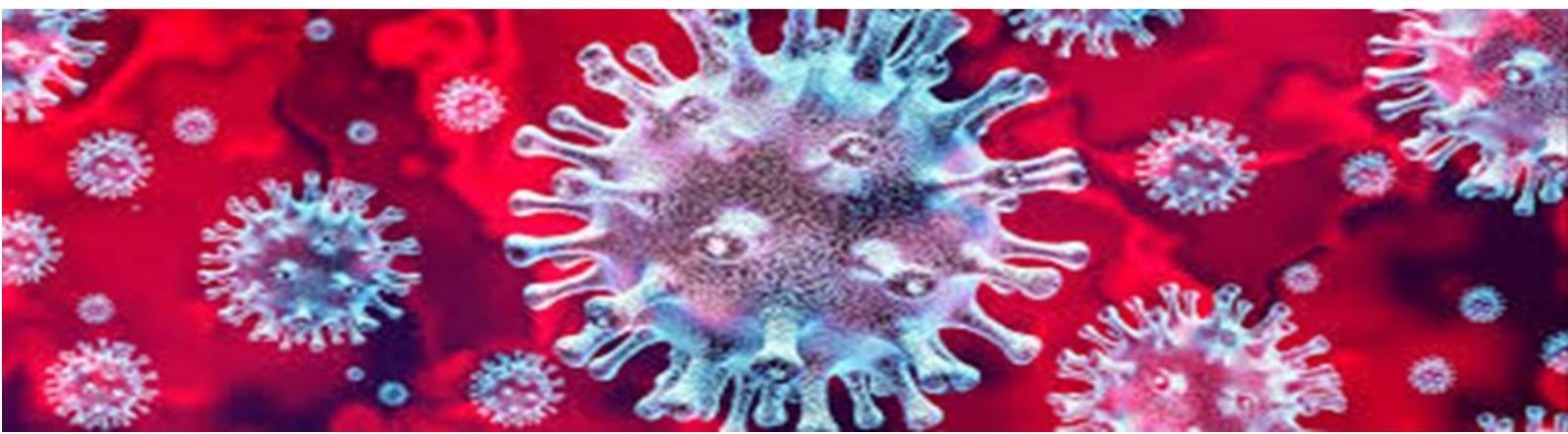
## Nurseries

Eligible childcare nurseries may claim rate relief if they are on Ofsted's Early Years Register or mainly used for the provision of the Early Years Foundation Stage.

You do not need to take any action, this will be done by your Local Authority.

Please see: <https://www.gov.uk/calculate-your-business-rates> where you can estimate the business rate charge you will no longer have to pay. The Government's detailed guidance found at <https://www.gov.uk/government/publications/business-rates-retail-discount-guidance> lists the business types included/excluded from this scheme.

<https://www.gov.uk/government/publications/business-rates-nursery-childcare-discount-2020-to-2021-coronavirus-response-local-authority-guidance> gives further details for nurseries.



## 2) Cash grants for retail, hospitality and leisure businesses

The Retail and Hospitality Grant Scheme provides businesses in the retail, hospitality and leisure sectors with a cash grant of up to £25,000 per property.

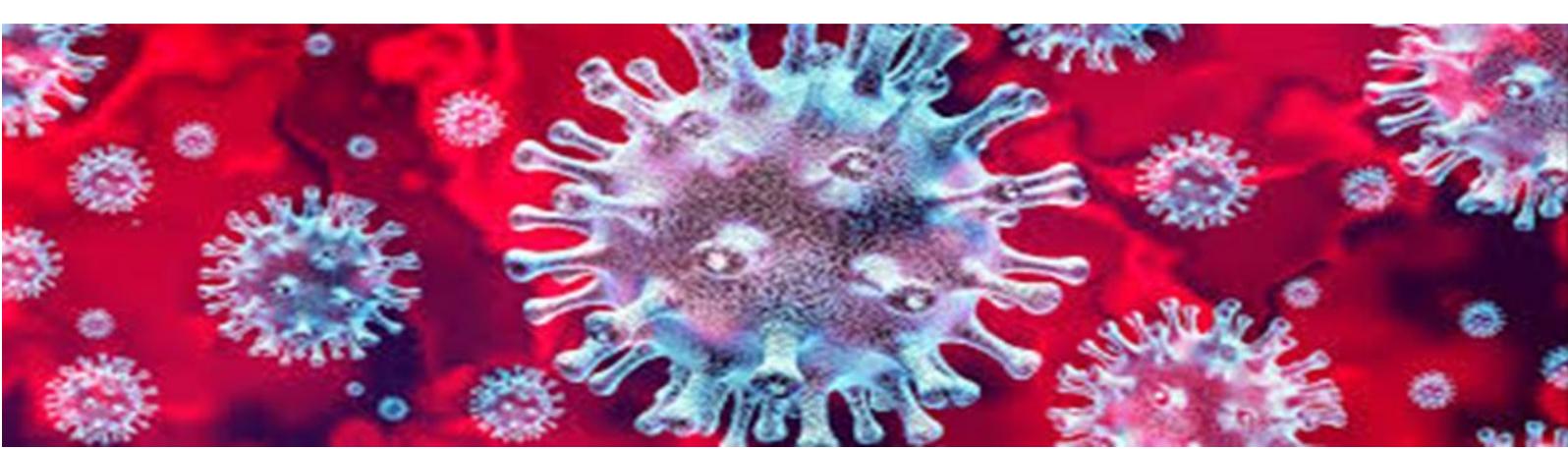
For businesses in these sectors with a rateable value of under £15,000, they will receive a grant of £10,000. For businesses in these sectors with a rateable value of between £15,001 and £51,000, they will receive a grant of £25,000.

### You are eligible for the grant if:

1. your business is based in England
2. your business is in the retail, hospitality and/or leisure sector, or a nursery
3. Properties that will benefit from the relief will be occupied trading premises that are wholly or mainly being used:
  - as shops, restaurants, cafes, drinking establishments, cinemas and live music venues
  - for assembly and leisure
  - as hotels, guest & boarding premises and self-catering accommodation

### How to access the scheme:

- Your local authority should be writing to you. if you are eligible for this grant.
- The procedures seem to vary between different councils.
- If you wish to check availability for your property and chase payment call your local council business rates department and quote your Account reference number on your rates bill.
- To find your local authority: <https://www.gov.uk/find-local-council>



### 3) Support for businesses that pay little or no business rates

The government will provide additional Small Business Grant Scheme funding for local authorities to support small businesses that already pay little or no business rates because of Small Business Rate Relief (SBRR), Rural Rate Relief (RRR) and tapered relief. This will provide a one-off grant of £10,000 to eligible businesses to help meet their ongoing business costs.

#### You are eligible if:

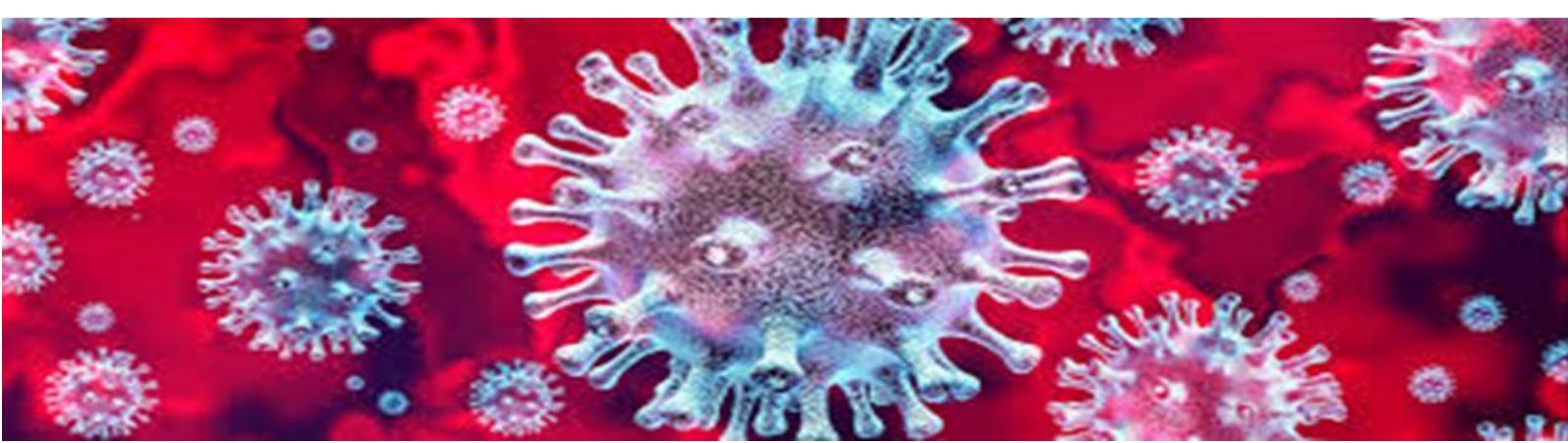
- your business is based in England
- you are a small business and already receive SBRR and/or RRR
- you are a business that occupies property

#### How to access the scheme:

- Your local authority will write to you if you are eligible for this grant.
- If you wish to check availability of a grant for your property and chase payment call your local council business rates department and quote your Account reference number on your rates bill.
- To find your local authority: <https://www.gov.uk/find-local-council>

#### Burton Sweet key points

- Local authorities already have funds to distribute now.
- Claim as soon as possible.
- Bristol City Council say they will do the first payment batch in early April list so claim beforehand to get on this first run – other authorities may have different routines.
- Thereafter weekly pay runs will pay new claimants.
- Your organisation, if eligible, will only be eligible to receive payment under one of the two schemes: the cash grant for retail, hospitality and leisure (see previous page) **or** the Small Business Grant Scheme.
- Although the wording for the cash grant for retail, hospitality and leisure (see previous page) and the Small Business Grant Scheme – indicates businesses, charities are also eligible for these grants.



## 4) Help for the self-employed

Chancellor Rishi Sunak has announced measures to support the self-employed and partnerships.

**The scheme is called the Coronavirus Self-employment Income Support Scheme (CSEISS).**

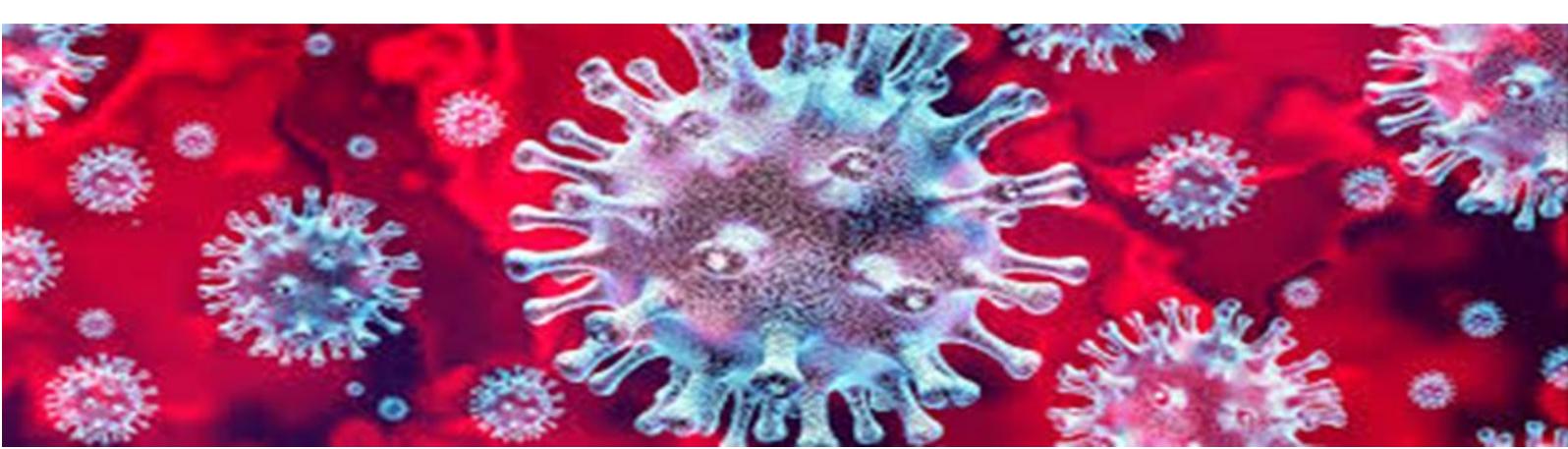
- A taxable grant will be paid to the self-employed or partnerships, worth 80% of profits up to a cap of £2,500 per month.
- Initially, this will be available for three months in one lump-sum payment and will start to be paid from the beginning of June.
- You cannot apply for this scheme yet. HMRC will contact you if you are eligible for the scheme and invite you to apply online. Please call us at Burton Sweet for help here.
- Government advice: Individuals do not need to contact HMRC now and doing so could delay the work being undertaken to introduce the scheme.

Who is eligible?

Self-employed individuals and those who are a member of a partnership.

In addition, those eligible must have more than half their income from being self-employed and:

- have submitted your Income Tax Self-Assessment tax return for the tax year 2018-19
- traded in the tax year 2019-20
- are trading when you apply, or would be except for COVID-19
- intend to continue to trade in the tax year 2020-21



Your self-employed trading profits must also be less than £50,000 and more than half of your income comes from self-employment.

This is determined by at least one of the following conditions being true:

- having trading profits/partnership trading profits in 2018-19 of less than £50,000 and these profits constitute more than half of your total taxable income.
- having average trading profits in 2016-17, 2017-18, and 2018-19 of less than £50,000 and these profits constitute more than half of your average taxable income in the same period.

If you started trading between 2016-19, HMRC will only use those years for which you filed a Self-Assessment tax return.

There are a few individuals who have not submitted their 2018-19 Self-Assessment tax return and to qualify they now have until the 23 April 2020 to do so.

## Burton Sweet key points

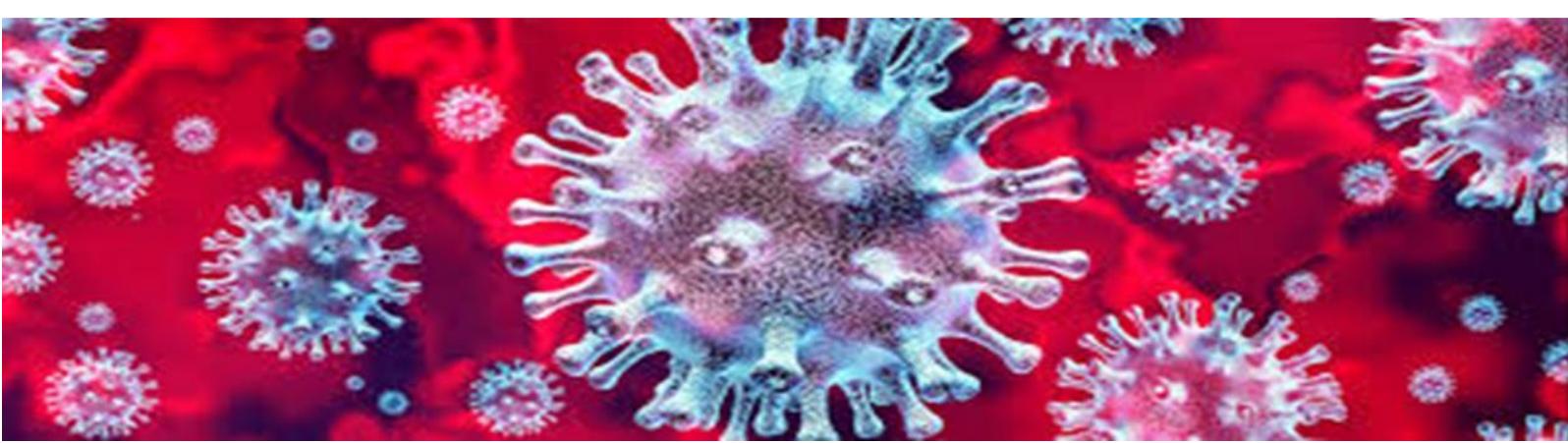
- We can assist you by estimating your taxable grant- Please call to discuss.
- Waiting until at least June to get this help means you need to get cashflow assistance elsewhere – have you asked for postponement of your mortgage payments?
- Have you asked your bank for any loan repayments to be delayed 3 months?
- You can continue to work as well as claim this grant.
- Call your contact at Burton Sweet if you need help.



Chris Mair  
Tel: 01934 620011  
Email: [Chris.Mair@burton-sweet.co.uk](mailto:Chris.Mair@burton-sweet.co.uk)



Neil Kingston  
Tel: 01934 620011  
Email: [Neil.Kingston@burton-sweet.co.uk](mailto:Neil.Kingston@burton-sweet.co.uk)



## FURLOUGHING EMPLOYEES

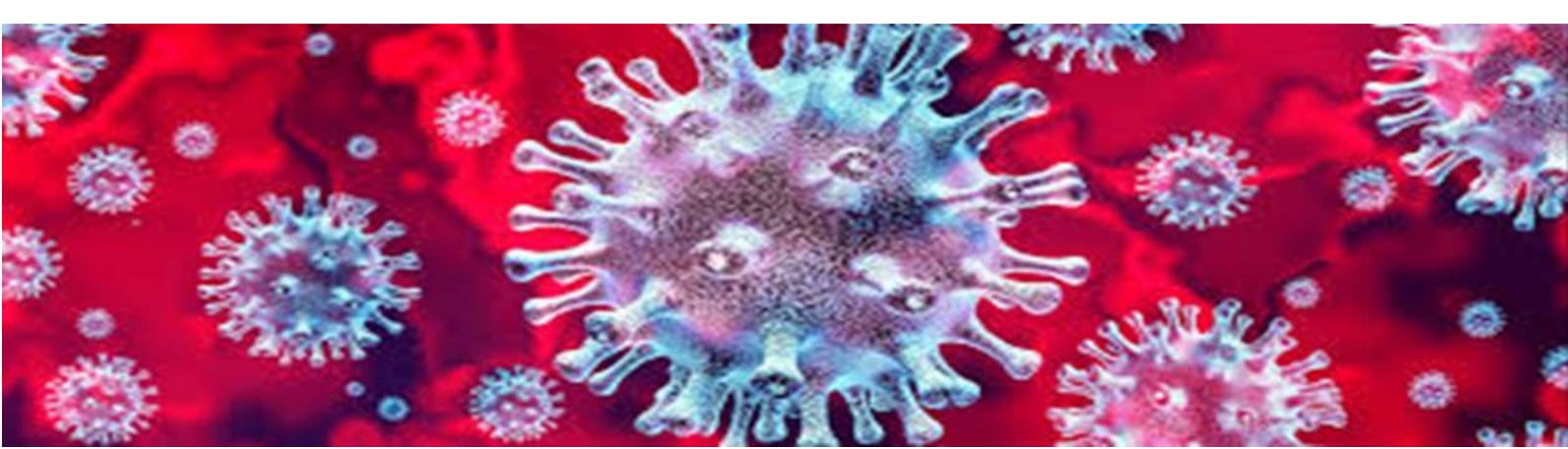
The Coronavirus Job Retention Scheme is a temporary scheme open to all UK employers for at least 3 months starting from 1 March 2020. It is designed to support employers whose operations have been severely affected by coronavirus (COVID-19), and to prevent a large number of redundancies.

Furloughing is a way of laying employees off without them losing their jobs.

Employers can claim for 80% of furloughed employees' usual monthly wage costs, up to a maximum of £2,500 a month, plus the associated Employer National Insurance contributions and minimum automatic enrolment employer pension contributions on that wage. Employers can use this scheme anytime during this period.

### How to access this scheme:

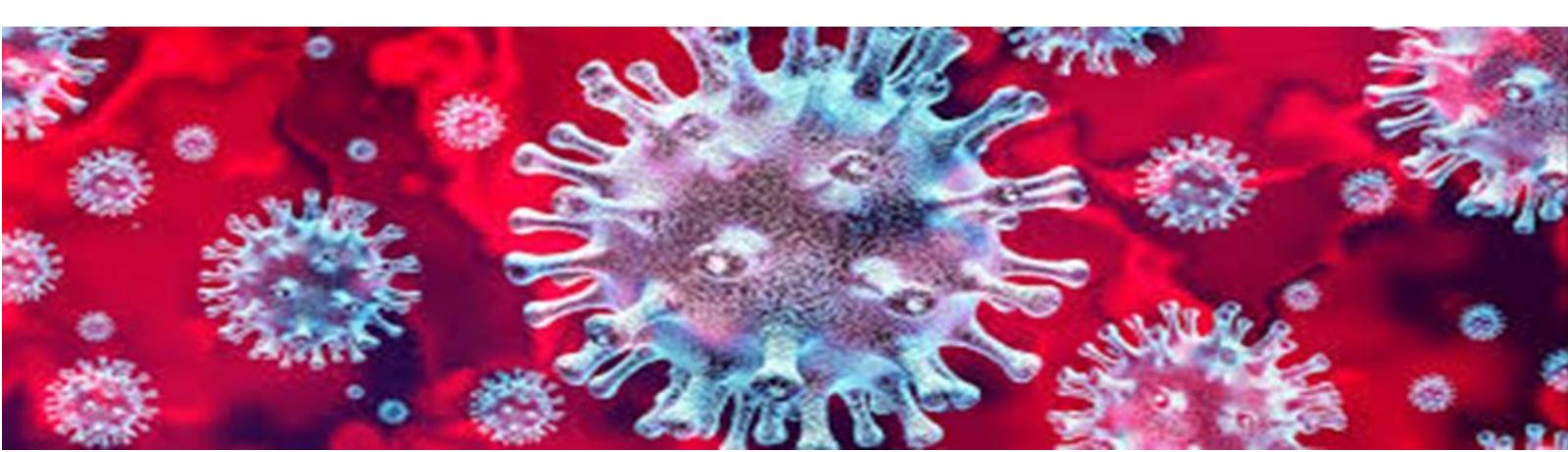
- 1) Identify how many employees you need to Furlough in order to maintain and prolong your business after the pandemic has passed. Consider your likely workload in this time, and who will do this work.
- 2) You will need each employee to agree to going onto furlough, and sign a letter confirming this. This letter should be approved by your HR/legal advisor. This does not apply if you already have a furlough agreement in the contract of employment (but most haven't).
- 3) Once the portal has been built - each employee needs to be manually inputted into this.
- 4) Pay is calculated based on the employee's salary as at 28<sup>th</sup> February. For employees whose pay varies, average earnings or the same months earnings from the previous year can be used.
- 5) The Government will pay the employer 80% of the furloughed workers usual wage plus employers NI and statutory minimum employers pension contribution. The employer must pass 100% of this to your employee. The employer can choose to top the wages up, but does not have to (see below).



- 6) Income is paid minus PAYE & NI through the normal payroll systems.
- 7) Online account with HMRC:
  - i. In order to apply for the grant employers must have access to their online account with HMRC for PAYE. Your payroll bureau will have access to your account as your payroll agent but it isn't clear if this is adequate, so to be sure, we would recommend that you set up this online account as soon as possible.
  - ii. Once you have applied to set up the account, HMRC will send you an activation code. This can take up to 10 days so, to avoid any delay in accessing the grant, I would recommend you do this now.
  - iii. You are not setting up a new payroll scheme you are just accessing your current scheme through your own government gateway account.
  - iv. If you already have a government gateway account for another tax, e.g. VAT or corporation tax, you can add PAYE to that account or you can register for a new account. It only takes 5 minutes.
  - v. You can register here: <https://www.gov.uk/payee-online/enrol>  
**You will need the following: PAYE reference and Accounts office reference**

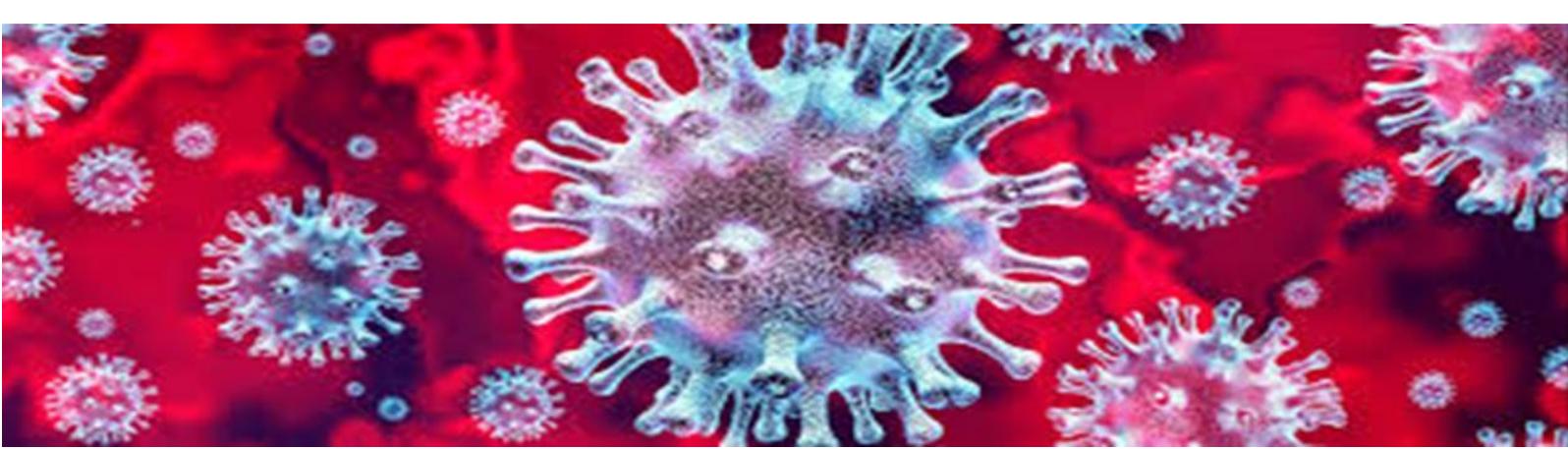
### Burton Sweet key points

- Employers can claim for a minimum period of 3 weeks of an employee being furloughed.
- Minimum wage does not apply.
- Furloughed employees cannot be doing any work for the furloughing employer. If the employee has more than one job, they can be furloughed for each.
- The employee can do voluntary work in this period, however the suggested advice on working for a new employer is that it would have to be outside the normal contracted hours. If employees were to be employed during their normal working hours, any claim for support from the furloughing employer may be invalid.
- The portal to reclaim payroll costs is not up and running at the time of writing, and is expected to be in place around the end of April.



# CORONAVIRUS BUSINESS INTERRUPTION LOAN SCHEME (CBILS)

- This is a government-backed scheme provided by the British Business Bank and delivered via the high street banks and mainstream lenders.
- Note that not every accredited lender can provide every type of finance available under CBILS, and the amount of finance offered varies between lenders. If one lender turns you down, you can still approach other lenders within the scheme.
- Access to the scheme has now been opened up to smaller businesses facing cashflow difficulties who previously would not have been eligible for CBILS because they met the requirements for a standard commercial facility. You may therefore consider re-contacting your lender if you have previously been unsuccessful in securing funding.
- Finance is available in the form of term loans and asset finance up to 6 years and overdrafts and invoice finance up to 3 years.
- Under the scheme the government guarantees 80% of the borrowing, but note that the borrower remains fully liable for the whole of the debt.
- There are no setup costs and no interest will be charged for the first 12 months. Online applications are recommended as branches may be closed and telephone lines very busy.
- All sectors are included, but there may be some restriction of the interest and fee cover for agricultural businesses.
- This is not a 'soft' lending offer, businesses need a borrowing proposal which, were it not for the current pandemic, would be considered viable by the lender, and for which the lender believes the provision of finance will enable the business to trade out of any short-to-medium term difficulty. Funding will not be granted to prop up an already failing business.
- The rules have changed with effect from 6 April so you don't need to have insufficient security for conventional bank lending in order to qualify for CBILS finance.
- No personal guarantees are required for facilities under £250,000, but may be required for larger amounts, at the lender's discretion. However, the personal guarantee will only be for a maximum of 20% of the borrowing, and your own home cannot be taken to secure a personal guarantee or as security for a CBILS-backed facility.

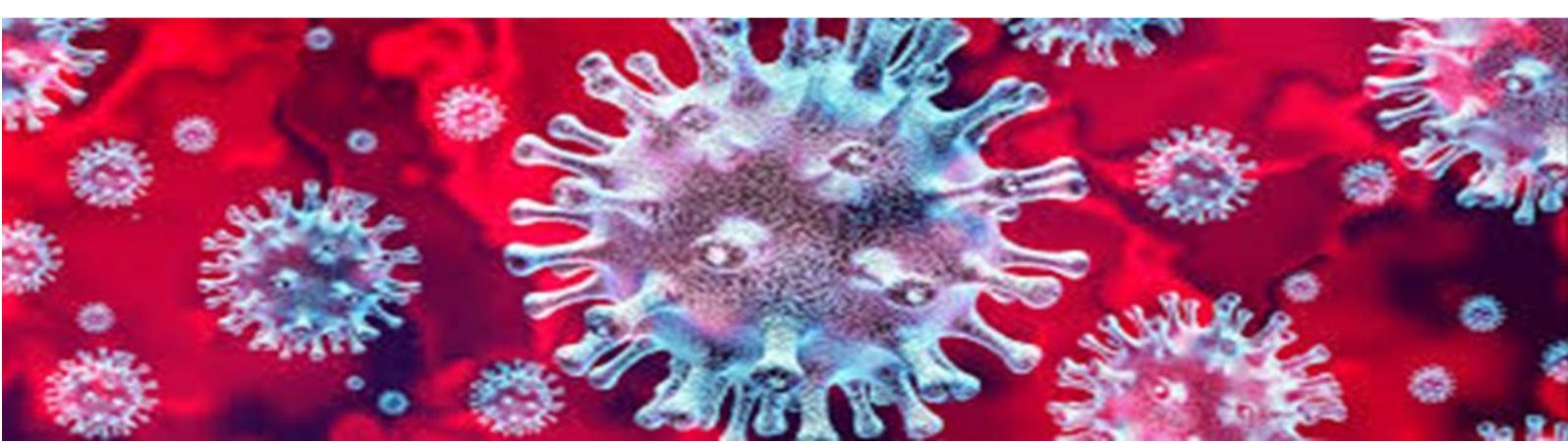


## You are eligible if your business:

- Activity is based in UK
- Have an annual turnover of no more than £45 million
- Have a borrowing proposal which the lender would consider viable, were it not for the current pandemic
- Self-certify that it has been adversely impacted by the coronavirus (COVID-19).

## What lenders will need from you:

1. The amount you would like to borrow
2. What the money is for and the type of finance you are seeking (loan, asset finance, overdraft or invoice finance)
3. The period over which you will make repayments - you will need to demonstrate that you can afford the repayments
4. Banks are typically asking for the following supporting documents:
  - Last 2 years full accounts
  - Profit & Loss and Balance Sheet to cover period from the end of the last accounts to most recent date (if available)
  - Cash flow forecast showing how the business would have trade over the forthcoming period were the COVID-19 pandemic not to have taken place and then a cash flow forecast to reflect the current position of the business (ideally covering a 12 month period)
  - How business will adapt to expected long term changes due to COVID-19
  - Aged debtors & creditors information (if available)
  - Detailed forecast – to evidence the amount of the loan requested and how the loan funding will be spent
  - Asset and liability Statement of all Directors/Sole traders/Partners - for information purposes only



## Plus regarding the need for CBILS:

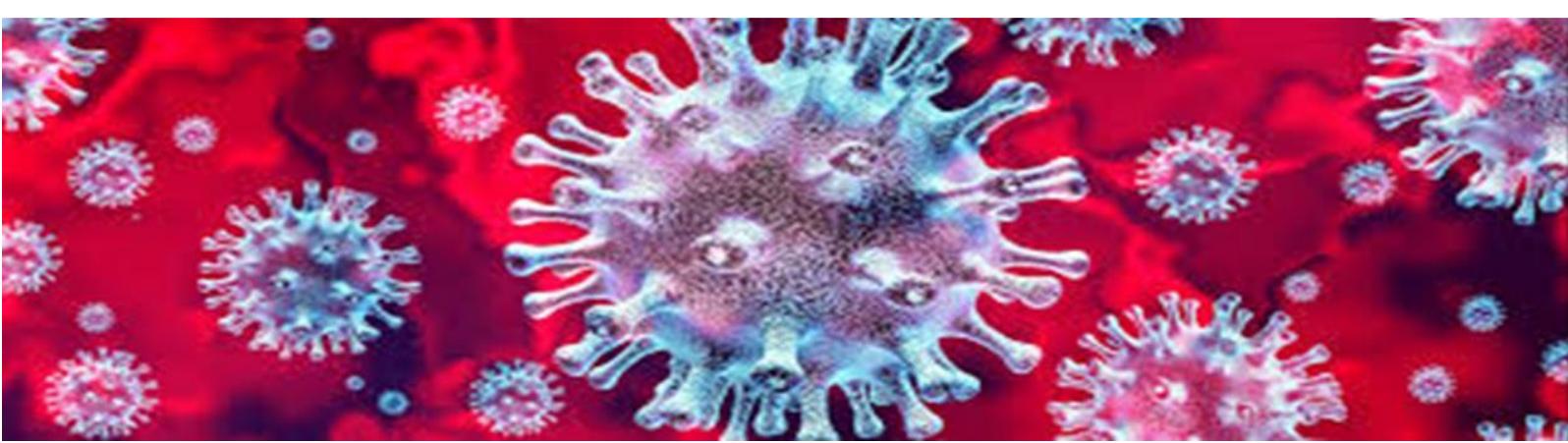
- An outline of impact of COVID-19 on the financial position of the business and describe cash needs for the business over the next 18 months
- A summary of why you consider that all other funding options have been exhausted (including other government support schemes) to generate sufficient cash
- Are you aware of anything outside of the COVID-19 impact that may adversely affect your ability to repay the borrowing you have requested?
- The document requirements will vary from lender to lender. If you do not have everything listed here, you should still apply. For many customers approaching their existing lenders for a smaller facility, the process may be automated and therefore may not require the same level of documentation.

For details of how to apply for CBILS finance, go to <https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-scheme-cbils-2/for-businesses-and-advisors/>

A full list of CBILS accredited lenders is at <https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-scheme-cbils-2/current-accredited-lenders-and-partners/>

## Burton Sweet key points

We can help you prepare and collate all the supporting documents you need, and can help you bring your bookkeeping up to date if you need to do that in order to produce current management accounts for the bank.



Some recent changes to rules have also taken place the three key ones are:

- 1) Protection from eviction for commercial tenants
- 2) Extension of filing deadline for Companies
- 3) Changes to Insolvency rules.

## 1) Protection from eviction for commercial tenants

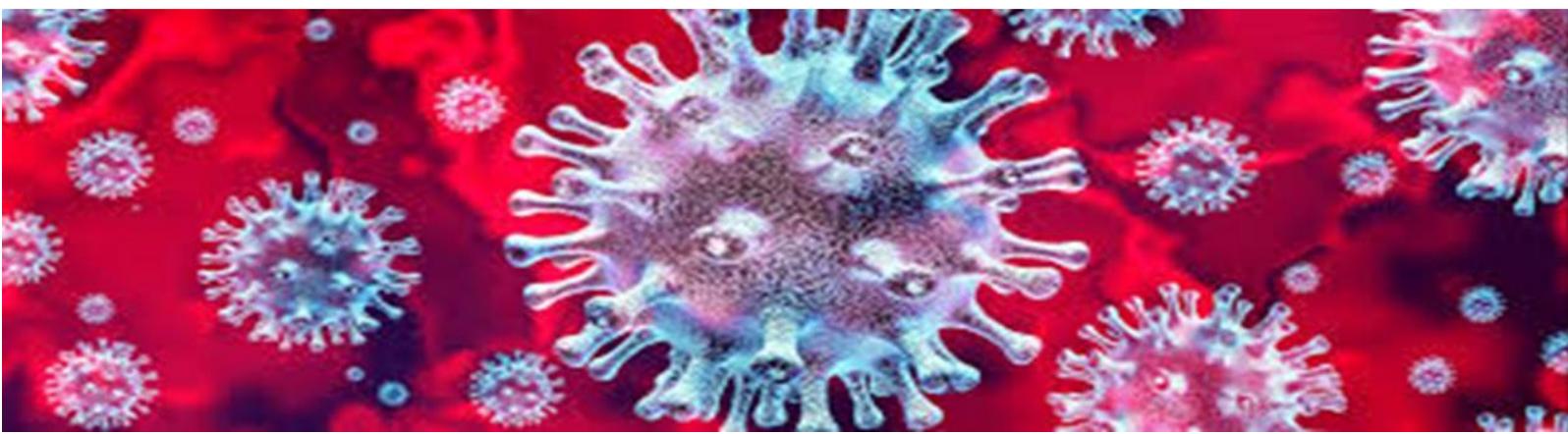
- Commercial tenants who cannot pay their rent because of COVID-19 will be protected from eviction.
- These measures will mean no business will automatically forfeit their lease and be forced out of their premises if they miss a payment up until 30 June. There is the option for the government to extend this period if needed.
- This is not a rental holiday. All commercial tenants will still be liable for the rent. Commercial tenants are protected from eviction if they are unable to pay rent.

Who is eligible?

- All commercial tenants in England, Wales and Northern Ireland are eligible.

How to access the scheme:

- The change automatically came into force in the Coronavirus Bill. No action is required.



## 2) Extension of filing deadline for Companies

All companies must send their accounts, reports and confirmation statements to Companies House every year. If a company's accounts are filed late, the law imposes an automatic penalty.

Your company should take appropriate measures to ensure accounts are filed on time. Please contact Burton Sweet to discuss how we can help you achieve this.

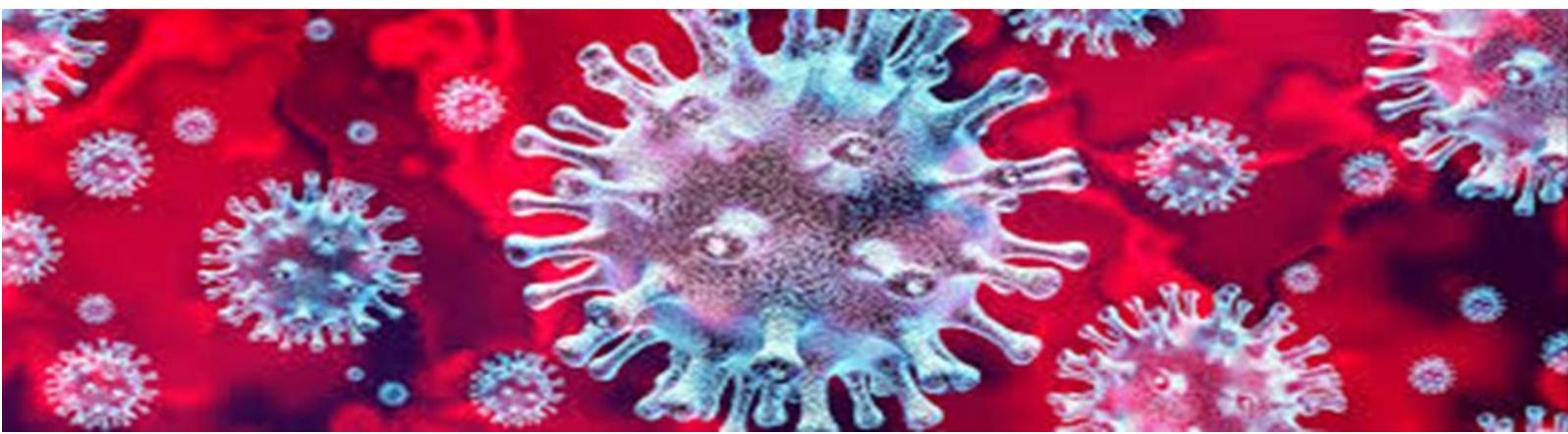
If immediately before the filing deadline, it becomes apparent that accounts will not be filed on time due to your company being affected by Coronavirus (COVID-19), you may make an application to extend the period allowed for filing.

### What you need to do

1. Establish when your Company Accounts filing deadline is. This is usually 9 months after the year-end.
2. Consider if this deadline will cause any problems under the present circumstances
3. Talk to Burton Sweet to discuss any issues arising.
4. If your accounts will be late because your company is affected by COVID-19, and your filing deadline has not yet passed, an application can be made for an automatic and immediate 3 month extension to file the accounts. **Burton Sweet can assist with this.**
5. The extension must be applied for BEFORE the deadline.
6. Note that the Charity Commission have not extended their deadline of 10 months after the year-end at this time. However you can request an extension to the filing of your Charity's Annual Return. See details here: <https://www.gov.uk/government/news/filing-charity-annual-returns-during-the-coronavirus-pandemic>
7. Be aware that your company's credit rating could be affected by filing accounts late.

More information regarding this can be found at <https://www.gov.uk/guidance/apply-for-more-time-to-file-your-companys-accounts>

*Please be aware that the deadlines for other filings such as VAT returns and tax returns remain the same.*



### 3) Insolvency rules

Current insolvency rules stipulate that directors of limited liability companies can become personally liable for business debts if they continue to trade when uncertain about whether their businesses can continue to meet their debts.

Relaxation of these wrongful trading rules will reassure directors that the difficult decisions they have to make about the future viability of their business will not have to be unduly influenced by the exceptional circumstances which are entirely beyond their control.

Legislation to introduce these changes will be introduced in Parliament at the earliest opportunity. Provisions will be included to enable the changes to be extended if necessary

Existing laws for fraudulent trading and the threat of director disqualification will continue to act as an effective deterrent against director misconduct.

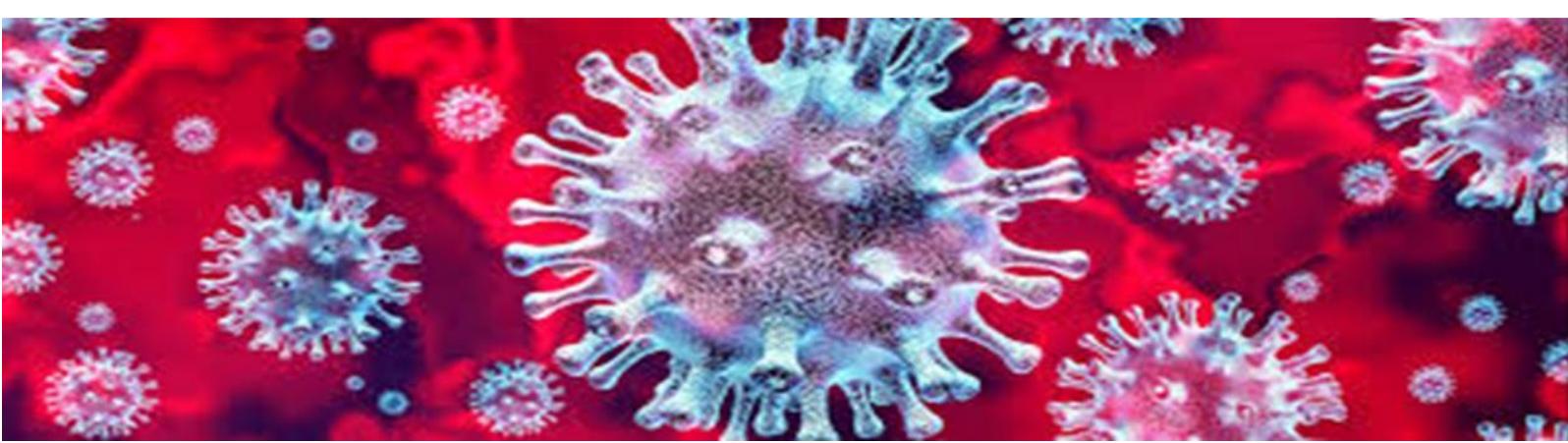
Further changes are also planned for Companies who have entered the Insolvency process to add new Restructuring Tools.

**Please do contact Burton Sweet if you have any questions about this.**

Further details can be found at <https://www.gov.uk/government/news/regulations-temporarily-suspended-to-fast-track-supplies-of-ppe-to-nhs-staff-and-protect-companies-hit-by-covid-19>



Chris Mair  
Tel: 01934 620011  
Email: Chris.Mair@burton-sweet.co.uk



# CHARITIES – MANAGEMENT OF FUNDS AND RESERVES

During the current crisis, many charities will be under significant financial pressures with falling income, extra costs and a limited ability to deliver services to beneficiaries.

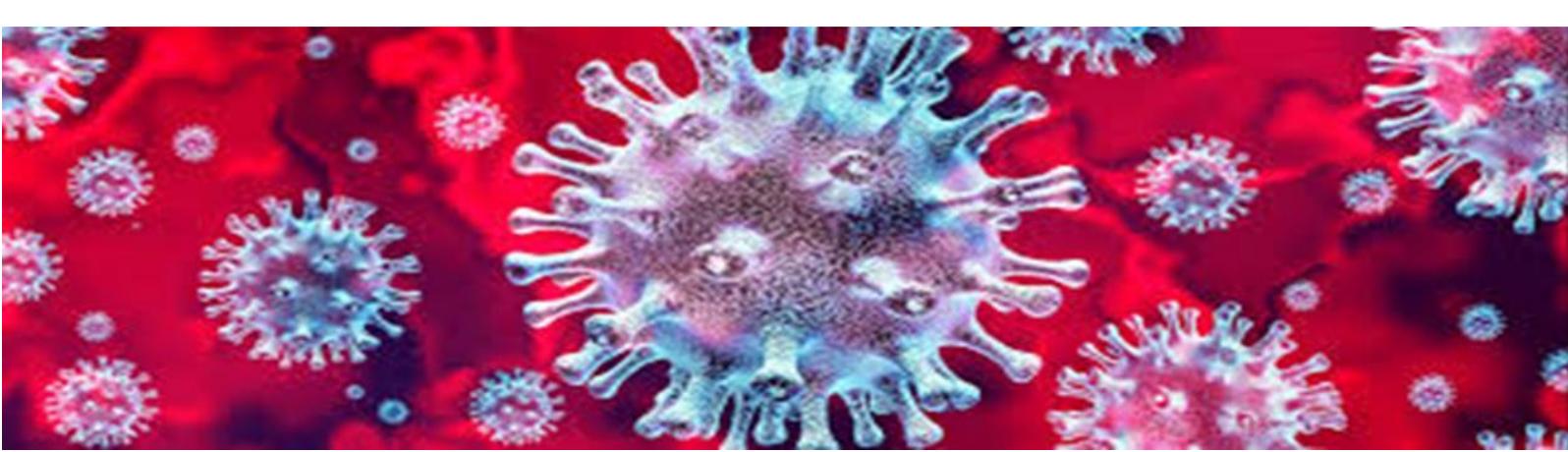
As well as ensuring they take advantage of all forms of government and sector help available during this crisis, many charities will need to draw on their existing reserves to meet these challenges and revisit their short, medium and long-term financial plans.

As well as weathering the current storm, many charities will want to expand their work to provide extra services and benefit to society at this time.

Ensuring the charity continues to act within charity law will be an important priority for all charity trustees.

Here are some key actions that all charity trustees should take:

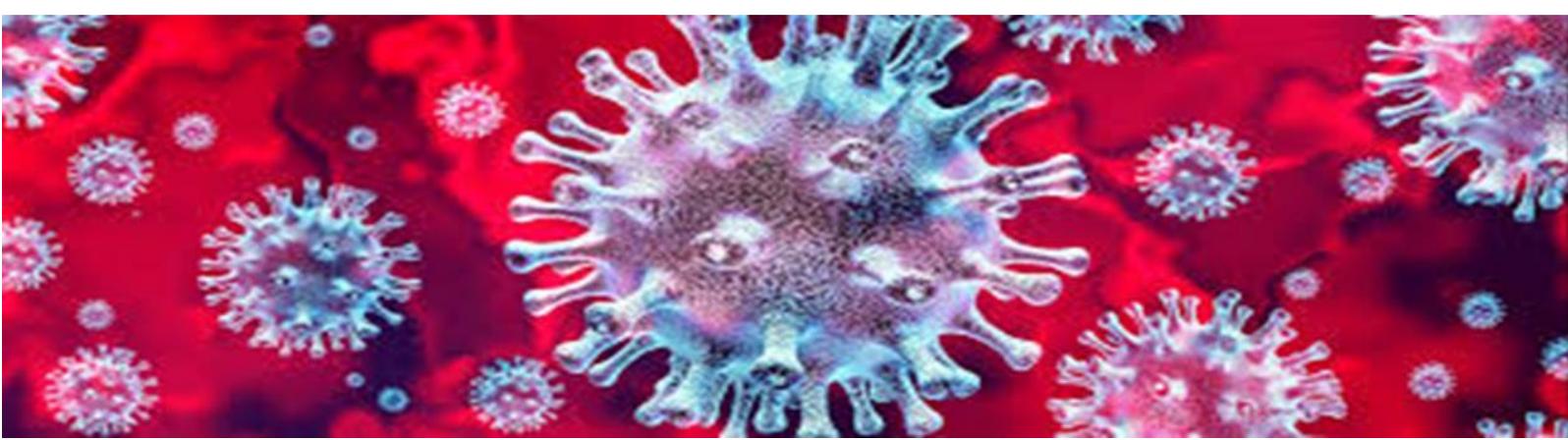
- 1) Trustees should ensure they have access to up to date information on the financial performance and position of the charity. This should include clarity on the legal status and current balances of any free, designated, restricted or endowment funds. Many charities will have free reserves set aside for dealing with the 'rainy days' - the uncertainties and challenges they face in their work. Those days are here! Charities should consider using their free reserves at this time but also developing plans to see those reserves replenished in due time.
- 2) Having reviewed the short, medium and long-term financial objectives of the charity, trustees may wish to redeploy designated funds meet other more pressing needs. Where a charity holds restricted income or endowment funds, trustees should continue to meet their legal obligations as to the use of such funds. If, as a last resort, there is an urgent need to free up such funds to support the ongoing viability of the charity, the trustees should undergo the required processes for amending restrictions, including obtaining permission of the donor or seeking Charity Commission approval. Trustees should seek professional advice before embarking on any such actions.



- 3) Charities wishing to expand their work to assist with the challenges faced by COVID-19 must make sure they are acting within their current legal purposes. For many, this will involve delivering their purposes using different methods (such as online support). But consideration must be given to any beneficiary class or geographical restrictions in your purposes.
- 4) Should charities need to liquidate funds held as investments to meet short term cash flow needs, trustees should seek investment advice and consider all available options, especially where this involves longer term investments such as equity and property investments.
- 5) All significant strategic finance decisions should be undertaken collectively by the Board and decisions and actions documented clearly.



Josh Kingston  
Tel: 0117 9738441  
Email: [Josh.Kingston@burton-sweet.co.uk](mailto:Josh.Kingston@burton-sweet.co.uk)



## SHEPTON MALLET OFFICE



Edward Furse  
Tel: 01749 342255  
Email: Edward.Furse@burton-sweet.co.uk



Nigel Harris  
Tel: 01749 342255  
Email: Nigel.Harris@burton-sweet.co.uk

## BRISTOL OFFICE



Josh Kingston  
Tel: 0117 9738441  
Email: Josh.Kingston@burton-sweet.co.uk

## WESTON-SUPER-MARE OFFICE



Chris Mair  
Tel: 01934 620011  
Email: Chris.Mair@burton-sweet.co.uk