

Where you want to be.



**Coronavirus:
Business Survival Guide for
SA Clubs**

2 April 2020

bentleys.com.au | advice@adel.bentleys.com.au

➤ **Advisors**

➤ **Accountants**

➤ **Auditors**

We have all been surprised by the swift and potentially devastating impact the COVID-19 pandemic shutdowns are having on the welfare of clubs, their staff and their businesses.

We are doing everything we can to ensure everyone comes out the other side of this in good shape.

There are some important things to consider before you make your next move. We are here to help. We can work right alongside you now to guide you to make the best decision for long term recovery.

What you need to know

We work with our clients to provide financial sustainability by maximising available support measures. We work together to understand the impact; and develop then implement a plan. Here's how;

1. We help you understand the impact of the pandemic on the business.
What is the turnover loss, how have operations been affected?
2. We help you understand the impact on your cost structure.
What are your fixed costs? The biggest issue for many will be permanent staff, rent and finance. These will be the focus of a sustainable rescue plan.
3. We can assist you with your workforce requirements:
will you scale back or stand down? The rules are complex we work with specialists to help our clients. There is some information at <https://coronavirus.fairwork.gov.au/> which can assist you with your workforce planning.

With the recent government JobKeeper Payment announcement, you may be able to retain your employees to help you develop the business with a view toward a strong position post-COVID-19.

4. We can assist you in seeking rental assistance from your landlord if available.
There are some protections to assist you with this negotiation.
5. We can assist you to understand the relaxed laws around credit and insolvency and how these may allow you some flexibility in continuing the business during the downturn.
6. We help you take stock of your bank facilities, cash holdings and reserves and their sustainability over the period.
7. We assist you to access available funding concessions to meet cash flow requirements and develop and implement a rescue plan to help the business sustain cashflow during the hibernation period.

Access to funding to sustain your business

The government is providing extensive funding measures to enable businesses and clubs to survive during this period. We have set out below some of these different sources that may factor into your rescue package:

“JobKeeper” payments

What is it?

The recently announced *JobKeeper* payments by the government will provide a \$1,500 per employee per fortnight wage subsidy to sustain the employment cost of employees during a period of business slow or shutdown.

How do you access it?

You need to apply with the ATO and show that there has been at least a 30% reduction in turnover due to the COVID crisis. We can assist you to assess and apply for this funding.

“Cashflow boost” payments

What is it?

The *Cashflow Boost* payments are based on your tax withheld on employees in the period January to June 2020. There is an initial payment of between \$10,000 and \$50,000 paid over the period April 2020 to July 2020. The same payment is then paid over the period of July to October 2020. The total payments over the period will be between \$20,000 and \$100,000 depending on your employee withholding.

How do you access it?

You need to make sure your March to June 2020 business activity statements are lodged correctly to maximise your claims. We can assist you with this process.

Bank funding deferrals and concessional funding

What is it?

Financiers have generally agreed to defer payments on bank debt and reduce or waive fees on financial products for 6 months.

Financiers are also able to offer funding on the following concessional terms:

- No repayments for 6 months;
- Low-interest rates; and
- 50% government guaranteed.

How do you access it?

Discuss with your financier. We can work with you to assess funding requirements and how the financier assistance is needed.

Banking Arrangements

Rent eviction moratorium

What is it?

The government has announced that evictions will be put on hold for commercial tenants unable to meet commitments due to coronavirus. This measure combined with waivers and deferral of land taxes and funding repayments for landlords is designed to allow negotiation of lease arrangements with tenants during the period. We expect measures relating to rent relief will continue to evolve.

How do you access it?

You need to commence negotiations with landlords on relief from rent required during the period of business hibernation. We can assist with this negotiation. Certain government landlords may already have policies available on concessional rent arrangements.

Rental Arrangements

Energy bill deferrals

What is it?

The energy regulator has provided a set of principles for energy companies providing support to small businesses which have hibernated due to the COVID crisis. This includes a waiver of disconnection fees and payment plan arrangements.

How do you access it?

Discuss with your energy company.

Energy Arrangements

ATO assistance

What is it?

The ATO is providing extension support for lodgement and payment extensions for taxes (except super guarantee) over the next six months. The ATO is also offering low-interest and interest-free arrangements on tax payments which are deferred during this period.

How do you access it?

You need to engage with the ATO either online or over their hotline.

We can assist with the ATO negotiations to come up with a plan which supports your business during this time.

ATO Assistance

State funding and concessions available

What is it?

The State government has announced the following funds to support SA businesses with the effects of the coronavirus:

- \$300m business support fund – to support businesses affected by the coronavirus; and
- \$250m community support fund – to support arts, sporting, recreational bodies.

The government has also waived and deferred fees and taxes and allowed concessional licences to support temporary change in a business function.

How do you access the funds?

You need to apply for funding directly with the fund administrator. We can assist your business in requesting your required funding in conjunction with assessing your cashflow forecasts and requirements.

SA Measures

Assisting your employees you can no longer employ

Your employees who you can no longer sustain in your business in the longer-term may also be looked after through government concessions including:

- Increased access to the *JobSeeker* payment and COVID supplement (\$550 per fortnight);
- Extra cash payments for social security recipients (\$750); and
- Early access to superannuation (up to \$20,000).

We can assist you to provide financial support to your exiting employees during this time.

Next Steps

We can help you structure a funding rescue package which can help to make the business viable during the next 6 month hibernation period and then continue to survive following the restart.

What does this look like for your business:

Phase 1

Working with management to review current budgets and forecasts and factor in cashflow impacts from the business shut down and fixed costs which need to be sustained during the period;

Phase 2

Working with management to identify permanent cashflow measures the business will be eligible for and implement a plan for the business to access the concessions and then build this into the cashflow forecasts;

Phase 3

Working with management to help negotiate with suppliers and consider alternative business models which might sustain a positive cash flow during the period;

Phase 4

Identify and implement other temporary cashflow concessions which will provide a short - term positive cash flow where necessary. Consider post-COVID balance sheet and sustainable future cashflows which can support a paydown of debts following the COVID hibernation period.

On Completion

After this engagement with us, you will have an actionable funding plan to sustain your business during the period of hibernation. We can then offer further support as needed to help you implement this plan. You will feel a sense of relief and confidence as you move forward. This is what is most important to us.

During this time of uncertainty, don't go it alone. Talk to your trusted Bentleys SA advisor. Initial consultations are complimentary.

Contact us today.

advice@adel.bentleys.com.au

08 8372 7900

Where you want to be

Bentleys SA

Let us help you

Your Bentleys SA advisor can help you tailor a cashflow support package which will help you, your business and your employees survive during this time.

Initial consultations are complementary.

Contact us now

advice@adel.bentleys.com.au

08 8372 7900

Disclaimer

The comments in this paper are general in nature only. The material and opinions in the paper should not be used or treated as professional advice and readers should rely on their own enquiries in making any decisions concerning their own interests.

Bentleys is a network of independent advisory and accounting firms located throughout Australia, New Zealand and Asia. All members of the Bentleys Network are affiliated only, are separate legal entities and not in partnership. Limited liability by a scheme approved under Professional Standards Legislation. Bentleys is a member of Allinial Global – an association of independent accounting and consulting firms.

Member of
Allinial
GLOBAL
An association of legally independent firms



bentleys.com.au | advice@adel.bentleys.com.au
Level 5, 63 Pirie St, Adelaide, SA 5000
08 372 7900

 Advisors  Accountants  Auditors