

Coronavirus (COVID-19) guidance note: Finances

Managing finances is an issue for all businesses at the best of times, but faced with the widespread disruptions, closures and extra pulls on resources, now really is the time to take a step back, analyse your finances and develop a proactive plan on how you can cover the costs of your business and keep going during these unprecedented times due to the Corona Virus (Covid-19) outbreak in the UK.

The government, funders and support services are responding quickly to a fast changing situation and already there are initiatives being launched to support small businesses and the social business sector.

This briefing note is intended as a means of signposting you to useful information and resources related to finances during this pandemic. We will be updating this briefing regularly as more resources and advice become available.

Many of the links in this document are to external websites; we share them in good faith but we have no control over their content or accuracy.

Managing cashflow and financial support

Identifying what has to be paid out over coming weeks and how much you will need to cover your costs is a first step in taking control. Once you have identified what the shortfalls are likely to be, there are a range of options available to plug that gap in your cashflow from speaking to your bank about extending your overdrafts or arranging payment holidays/deferment to applying for specialist grants and bridging loans that have been created to get businesses through this pandemic.

If you already have an established cashflow process in place, then you will need to stress test it. Stress testing is where you check your organisation's financial resilience by manipulating the income and expenditure, for example reducing income by 20%, then 30% etc – it will show at what point you will need to get extra cash into your business to keep trading.

Talking with your stakeholders, partners and suppliers, it may be possible to delay future payments which will help alleviate short term cash flow issues. Alternatively, reducing your invoicing time can prompt clients to pay quicker. Similarly, chasing outstanding invoices can help too. Reserves are also a consideration. Many organisations build up reserves to allow them to bridge gaps in cashflow. If you have a reserves policy discuss as a Board how much (if any) of your reserves can be used to support the business over the next six months.



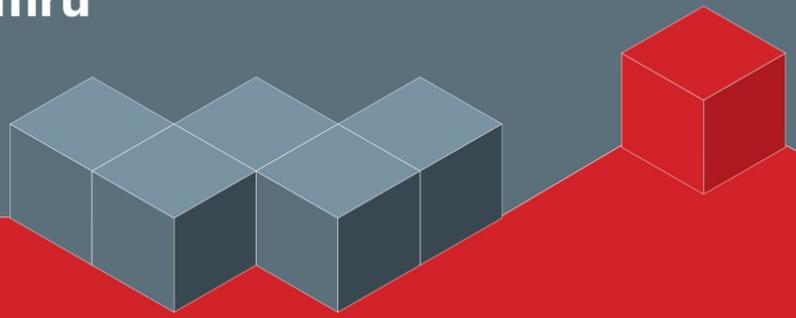
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Busnes Cymdeithasol Cymru

Social Business Wales

Yn fentrus gadarnhaol

Positively enterprising



- **Business Wales** details the key considerations when compiling your cash flow forecast: <https://businesswales.gov.wales/starting-up/managing-your-finances/cashflow-forecast#guides-tabs--0>
- **Social Investment Cymru** has launched emergency bridging loans for the sector: <https://wcva.cymru/emergency-fast-track-loans/>
- Most banks are like **Development Bank Wales** are offering repayment holidays, so check with your bank and lenders to find out what is available: <https://developmentbank.wales/news-and-events/businesses-offered-capital-repayment-holidays-help-manage-coronavirus-impact>
- Over 25 social investors have come together through **Good Finance** to detail ways they can help. The Good Finance website contains an easy to use lists and links: <https://www.goodfinance.org.uk/latest/post/blog/social-investors-respond-covid-19>

Government support

The UK & Welsh Government have been quick to launch support and aid schemes to support small businesses through this challenging time. A number of initiatives have been launched already including small business rate relief, HMRC initiatives, statutory sick pay relief and grants and loans targeted at small businesses. More detail will be developed over coming days/weeks, so make sure you keep up with the news.

- **Business Wales** have a summary of Welsh & UK Government initiatives and links to further support for businesses through the Covid-19 outbreak: <https://businesswales.gov.wales/coronavirus-advice>
- The **UK Government** have published guidance to employers, employees and businesses, including support available: <https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/covid-19-support-for-businesses>
- **HMRC** have set up a tax helpline to offer support to affected businesses. <https://businesswales.gov.wales/news-and-blogs/news/tax-helpline-support-businesses-affected-coronavirus-covid-19>

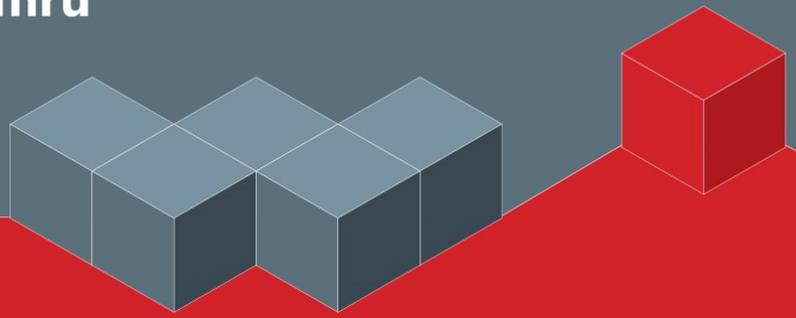


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Diversifying income

Our sector has always been fantastic at responding to community needs and gaps in the market. We already have examples of social businesses adapting their business models in light of the Corona virus to help out the communities they work in. Is there anything you can do differently within your business to still generate income?

- Can you try online card payment? **Startups.co.uk** have a simple guide on how to set up payments:
<https://startups.co.uk/take-payments-online>
- Or could you change how you deliver, take the product to them or deliver virtual support?
<https://www.learnmyway.com/courses/video-calling/>

Talk to customers and stakeholders

Customers and communities are at the heart of what we do and value us. Many social businesses are keeping clients updated through social media and communications channels about changes they are having to make, if they are open and the challenges they are facing. Some have seen an increase in donations and advances purchases to support cashflow at this challenging time. So let your customers and stakeholders know how they can support you during this difficult time, you may be surprised by the responses! Maybe ask them to support you by purchasing vouchers for future use or develop a crowd funding campaign to help with funding short falls.

<https://www.crowdfunder.co.uk/pay-it-forward>

Talk to your members about donations, financial and in-kind as well as potentially member loans, these will obviously have to be paid back.

Events are moving quickly and we are working as a team to develop specific tools, advice and resources that will become accessible in the coming days and weeks so please watch out for our email updates and check on our website <http://businesswales.gov.wales/socialbusinesswales> regularly too.

If you want to talk to one of our Business Advisers give us a call on 0300 111 5050 or e-mail sbwenquiries@wales.coop and we can arrange a call back.



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