

Cash in a Crisis webinar: Week 1 down – what next?

Overview

- The time is right to take control of your cash flow using a practical template (basically a cash book) to monitor daily cash and predict cash into the future.
- You can input information and scenarios so that you can determine when you need to make decisions and take action.
- Always operate in good faith with customers, suppliers and employees to ensure the longevity of your business relationships.

Using the daily cashflow:

- Start with a view of what normal operations look like (based on bank statement history and trading performance).
- Take notes of any assumptions that you have used via comment section within excel cells.
- Save regularly and copy excel sheets for different scenarios.

Customer receipts:

- Talk to your customers and find out when and how much they are going to pay. If customers are not in a position to pay, in the interim negotiate a deferred payment term.
- Cash deficit will likely hit in May as for many businesses there will be no invoicing for April and some businesses will take longer to get back up and running before invoicing can occur.

Suppliers:

- Assess and prioritise payment. Talk to key suppliers (including landlords) to get possible holidays or deferrals of payments.
- Where possible negotiate new pricing post isolation.
- Investigate alternate sources of supply should you suspect that your suppliers will no longer be able to operate post isolation period.

Wages:

- Always operate in good faith and in line with employment law.
- Be mindful of culture – you are going to need your people to recover from this.
- If you have received the wage subsidy, then you have committed to keep employees employed for the subsidy period with the best endeavours of paying 80%.
- Recommend that you account for the wage subsidy separately.

Tax:

- Discuss payment arrangements: communicate via MyIR or your tax agent.
- Prioritise PAYE.
- IRD are being very understanding and generally can spread arrangement out over 6 or 12 months.