

THE INSTITUTE FOR TURNAROUND FINANCIAL ROADMAP FOR SMES

The Institute for Turnaround (The IFT) is the UK's leading membership organisation for accredited turnaround experts. The IFT brings together independent professionals, bankers, investors and advisers to evolve the profession and respond to new challenges and trends.

The IFT defines turnaround as the sustainable return to viability of an underperforming business or organisation. The skills of IFT members provide immediate viability and confidence to businesses and stakeholders, and are critical in avoiding unnecessary insolvencies. In 2019, it was estimated that IFT members and corporate partners saved more than 200,000 jobs and protected £2 billion in enterprise value.

On 5 November 2020, the Chancellor announced a new phase of simplified support measures in line with a new one-month national lockdown. This roadmap has been updated to support SMEs in their return to business and activity. It shows the critical points ahead so SMEs can seek early intervention in the form of help from an accredited turnaround professional.

This roadmap was created in association with Playfair Partnerships. Please contact John or Simon Playfair of Playfair Partnerships if you require any further assistance.

Details are still emerging, and information is correct as of 11 November but subject to change at short notice given further government announcements.



Cashflow Forecasting

We advise that as a first step, businesses create a cash-flow forecast that is updated regularly.



1 NOVEMBER

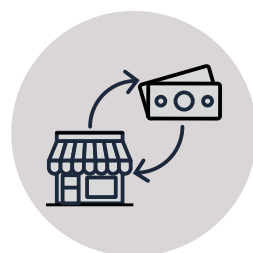
Reintroduction of Job Retention Scheme (JRS)

The JRS is now open to all full and part-time employees on the payroll at 31 October. Employers can claim 80% of an employee's usual salary for hours not worked, up to a maximum of £2,500 per month. Employers are expected to pay National Insurance (NI) payments and pension contributions. Further details are still to be announced.



Job Retention Scheme

Under the JRS, employers can furlough employees and apply for a grant to cover a portion of their usual monthly wage costs. The scheme was due to end on the 31 October and was due to be replaced by the Job Support Scheme (JSS). However, the JRS has now been extended to 31 March 2021.



5 NOVEMBER

Support Grants for Businesses Forced to Close During Lockdown

Businesses who have been ordered to close for four weeks may be eligible for a government grant of up to £3,000 per business property.



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31 DECEMBER
Prohibition of Certain
Landlord Rights set to Expire

The Coronavirus Act 2020 prevented landlords of commercial premises exercising any right of forfeiture or re-entry for non-payment of rent until 31 December. Landlords of commercial premises can now exercise the commercial rent arrears recovery (CRAR) procedure to recover unpaid rent.



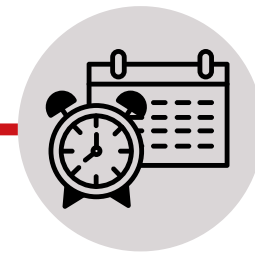
31 DECEMBER
Prohibition of Winding-up
Petitions set to Expire

Winding-up orders will be possible on a company even if their financial position has worsened as a consequence of COVID-19. The measures were initially due to expire on 30 September but were extended to 31 December by the CIGA 2020.

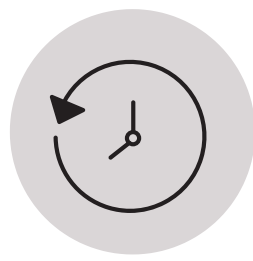


31 JANUARY
Bounce Back Loan Scheme (BLS) &
Coronavirus Business Interruption Loan
Scheme (CBILS) Application Extended

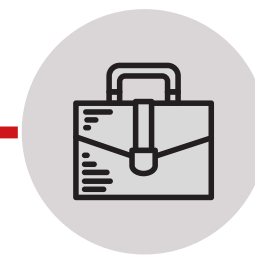
The application deadline has been extended for BLS (<£50k) and CBILS (<£5m) to 31 January 2021. The government extended loan terms from six to ten years through the Pay As You Grow (PAYG) scheme. For BLS, there is now also an option for businesses to move to interest-only repayments for up to three six-month periods or to take one six-month payment holiday. Businesses can repay early without paying a fee.



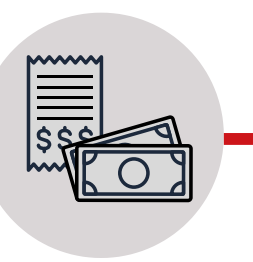
31 JANUARY
Self Assessment Deferral Extended
The 31 January 2021 deadline for paying taxes through self assessment has been extended to January 2022, giving an extra 12 months to pay. Those who have already deferred payments that were due in July to January 2020 will also have until January 2022. However, this is an online process and only applies for combined liabilities of up to £30,000 and expects regular monthly payments to be made by direct debit. Deferment of any larger amount needs to be negotiated individually with HMRC.



31 MARCH
Deferred VAT Payments
Any VAT payments that were deferred during the period of 20 March – 30 June 2020 can now be paid back in smaller payments over a longer period. Instead of paying the full amount by the end of March 2021, you can make smaller payments up to the end of March 2022, interest free.



31 MARCH
JRS ENDS
The scheme ends. Employers can no longer claim employees wages under the JRS.



4 MAY
BLS Repayments
Businesses that took out a BLS once the scheme opened on 4 May 2020 will now have to start repaying their loans. The PAYG scheme rules apply. Interest will now also be charged at 2.5% a year.



6 APRIL
Business Rate Relief at 100% Ends
In response to the pandemic, the Business Rate Relief discount was increased to 100% and extended to include the leisure and hospitality sectors. Payments are now expected as normal.