

EMERGING FROM LOCKDOWN – WHAT YOU NEED TO CONSIDER...



The Government have confirmed their intention to have all businesses in the UK free of lockdown restrictions from 21st June.

It is important to note that the easing of restrictions is conditional; there will need to be a continuing reduction in COVID infection rates. However, if the Government's strategy to gradually remove disruptive controls is effective, what challenges will business owners face as they emerge from enforced restrictions?

How have you fared during lockdown?

Businesses have tended to fall into one of three groups:

1. Unable to trade
2. Limited ability to trade
3. Increase in trade

If you have been required to close your business (for example, the hospitality and entertainment sector) the financial costs have been dire. Businesses have been forced into liquidation or have had to use reserves to fund losses. Either way, this group, those that remain, have a hard road ahead.

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Businesses that have managed to maintain some semblance of trade may have sustained profitability – albeit at a much-reduced level – but are still solvent and in control of cashflow.

In both categories, unable to trade and limited ability to trade, business owners have probably relied on Government grants and may have taken out Bounce-Back or similar loans with their bank.

Alternatively, those businesses that have managed to adapt to the changing COVID challenges (perhaps by developing an online platform to serve and increase access to consumers) it is business as usual, and for an exceptional few, business has never been so good.

Each group will be faced with different challenges as we emerge from lockdown. The rest of this Broadcast highlights a number of these and how we can help you get your business back on track.

Unable to trade during lockdown

If you fall into this category we can help you consider your options and offer solutions that benefit you and your business. Even, where necessary, the liquidation process needs to be planned for and we may be able to help you salvage some of the personal investment you have made.

If you have managed to retain some of your reserves whilst closed, planning for the reopening of your business will be essential. One of the most important aspects to consider will be the management of cash-flow. Producing realistic estimates of income and expenditure for the next year will highlight any dips in cashflow and give you an opportunity to plug these gaps with overdraft funding or from other sources.

Limited trade during lockdown

If you fall into this group the period of restricted trade will probably have reduced your cash reserves, especially if this has involved funding losses.

Ironically, if the end of lockdown increases the demand for your products or services, the expansion of activity/demand can be just as challenging to plan for as the reduction in trade has been during the last few months/year. We can help you create realistic budgets that can be integrated into your accounting software and thus provide an invaluable management tool for your business.

Lockdown boosted your business activity

If you fall into this group you will have discovered a way to adapt your business that has had a positive impact on your turnover and profitability. Hopefully, you will have retained profits and cash resources as a result and be set fair for future trade prospects.

Are you ready for increased demand?

It is important not to underestimate the impact on consumer expenditure that the easing of lockdown will create.

According to the Bank of England, those who have managed to maintain their income during lockdown have increased savings as the net has closed on opportunities to socialise and spend.

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When the lockdown lid comes off and these net savers can visit their local pub, restaurants, entertainment venues and retail outlets there will be an initial rush to spend. This is likely to create a surge in demand and for those UK businesses that can supply to meet this increase in demand, the outlook for the second half of 2021 and next year look to be much improved.

However, UK traders would be advised to consider the following pitfalls that could arise:

- If UK businesses cannot increase activity to meet this increase in consumer demand one of two things will happen:
 - prices will increase if demand continues to outstrip supply
 - imported substitutes will increase at perhaps reduced prices and you won't be able to compete
- If UK suppliers manage to meet the additional demand for their goods or services they will need to monitor their cash resources as it could be some time before the additional turnover – and more importantly the profit this generates - reaches your bank account

Planning is key

It is more important than ever to ensure that businesses are made aware of what this changing market place could mean for them; both the opportunities and pitfalls. This is why our advice is to ensure that you have a plan of action, as well as consider financially what it is you should be doing to prepare.

We Can Help

When the restrictions ease you should be ready to meet the challenges it will present. We will be working with many of our clients to ensure they have the best possible resources to meet these obstacles.

Whatever your current circumstances, please contact us so we can maximise the possible boost to trade that the forthcoming easing of lockdown will release. Call us and speak to a member of our dedicated team on **01753 888211** or email **info@nhllp.com**

As ever, we are here to help.