

## EDITION 3

Following the outbreak of COVID-19 in the UK we wanted to give our clients a quick update. This is a general update on matters as they arise or change, and we would recommend that anyone who has any specific queries get in touch with us. We will also provide further regular updates and communication through the coming weeks.

### MOT Testing

The government has announced that there will be a temporary 6 month extension to MOTs due on or after 30 March 2020. This will automatically apply, but you are duty bound to keep your vehicle in a roadworthy condition during this time.

### Speed Awareness Courses

If you have been recently offered a speed awareness course or are booked to take one in the near future, then these offers or bookings have been withdrawn. The police authority will be in contact with you if the offer has not yet been accepted or if you have booked a course the training organisation will be in contact with you to rearrange your course.

### Coronavirus Business Interruption Loan Scheme

With over 360 lenders in the UK, only 40 can offer the Coronavirus Business Interruption Loan Scheme (CBILS) and there is a general feeling that these loans might not be easy to obtain as first promised.

In addition to the typical information required for a loan application, lenders are now also requiring details on the impacts and effects COVID-19 is having on the business, what plans are in place to mitigate these, a longer period of bank statements and greater clarity in forecasts. Lenders are also increasing their debt service coverage ratios and reducing their appetite for refinancing existing debt.

As quick guide for what to have ready, lenders are typically asking for the below:

	Financial Information Checklist
1.	Full Trading Accounts, last 2 years
2.	Management information since last Accounts, i.e. Profit and Loss and Balance Sheet, (some lenders can now link with accounting software, with client's permission)
3.	Current Business Assets and Liabilities
4.	Aged Creditors and Aged Debtors
5.	3-6 months Bank Statements
6.	Cashflow, if prepared
7.	Amount required and how it will be used and for how long (as a guide CBILS seems to be offering to cover 25% of 2019 turnover or 2 x annual wage bill, whichever is the greater)
8.	Monthly Payroll summary
9.	Confirmation PAYE, CIS and VAT are paid to date, ideally from the HMRC website
10.	Personal Asset and Liabilities for the main directors/partners/owners

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#### Chartered Accountants and Registered Auditors

James Todd & Co is the trading name of James Todd & Co Limited. Registered Office: 1&2 The Barn, Oldwick, West Stoke Road, Lavant, Chichester, West Sussex, PO18 9AA. Registered No. 07350649 in England. Registered to carry on audit work in the UK and Ireland and regulated for a range of investment business activities by the Institute of Chartered Accountants in England and Wales. A member of the ICAEW Practice Assurance Scheme.

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If businesses have an existing offer from a lender, then these are at risk of being withdrawn. Whilst, typically lenders would hold these open for 30 days, we are seeing that lenders are reviewing their open offers and in some cases rejecting them. IWOCA have moved to 7 days and ESME to 14 days. We have also read reports of lenders pulling offers entirely. There are also reports of lenders moving offers away from unsecured lending backed by Personal Guarantee to fully secured.

Most lenders are not lending to the travel and leisure sector but we have now seen this loss of appetite for other business sectors heavily impacted by social distancing. These include:

- Hospitality and catering
- Advertising and marketing
- Bars, restaurants, pubs, hotels
- Market stalls
- Event companies

Whilst we don't want clients to rule out CBILS entirely, we want you to be aware that this isn't necessarily a guaranteed option.

### **R&D Allowances**

Whilst the initial reaction might be that this is very far from client's minds right now, if your business has incurred any costs associated with Research and Development then you could be entitled to a reduction in your Corporation Tax liabilities, with the possibility of going back to previous years and claiming a tax refund to help during this difficult time. If you think this might be an option for you then please contact us for further guidance on the matter.

### **Premium Credit**

Through Premium Credit we are able to help our clients fund payment of our fees over period ranging from 6 to 12 months for a comparatively small finance charge. If this is something you would like to explore or setup then please feel free to contact us. The rates are as follows:

- 6 Months: 3.25% transaction fee plus £5 admin charge
- 10 Months: 5.25% transaction fee plus £5 admin charge
- 12 Months: 6.25% transaction fee plus £5 admin charge

### **Continuity of Service at James Todd & Co**

The James Todd & Co internal platform is cloud hosted and all members of our team have the ability to work away from the office. We have therefore made the decision to temporarily close the offices to all clients and non-essential staff until further notice. Bookkeeping and accounting records can still be delivered to our Lavant office but we would ask that this be prior appointment only, so that no journey is wasted. We will let you know as soon as our offices are open, but we will be continuing to work in our full capacity and ensure that all deadlines are met.



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Email communication should remain fully operational and we will be diverting our telephone systems so that incoming calls can be dealt with.

We are dealing with an unprecedented level of queries at the moment and we appreciate your understanding at this time. We would recommend emailing queries where at all possible, particularly in relation to bookkeeping and payroll, as it will enable to answer all queries more efficiently.



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