



COVID-19

BUSINESS CHECKLIST

MARCH 2020



MANN JUDD
ADVISORY AND ACCOUNTING

WHAT SHOULD I DO TO BEST PROTECT MY BUSINESS?

The COVID-19 pandemic is a world-changing event. It has presented businesses with a new set of challenges – many of which could never have been envisioned. The outcome of the crisis on business and the economy is still to be realised.

During this period of uncertainty, we are committed to working together to minimise the risks presented by the pandemic. Our advisers are available to provide guidance on the new stimulus measures and help you develop strategies to combat the disruption.

BUSINESS REVIEW CHECKLIST

Considerations for the financial position of your business

The pandemic has created broad economic and workplace disruption and it is vital that businesses look for ways to minimise risk, support staff and create future opportunities.

The following checklist will help business owners identify and develop their response plan for COVID-19.

Please note that this checklist should not replace advice provided by Federal and State Governments or World Health Organisation.

Contact your HLB Mann Judd adviser with any questions you might have or visit our [COVID-19 Resource Centre](#) for further details and updates.

1. Governance issues

Considerations for the Board	
	Are regular recurring Board meetings being held?
	Are out of session Board meetings being held as/when required as events unfold?
	Are up to date, weekly or daily, financial and operating reports/updates detailing the current position being provided to the Board? Are financial and operating scenarios being developed and provided for consideration?
	Are regular recurring management meetings being held?
	Are clear lines of responsibility in place for management and staff?
	Are staff/key stakeholders being kept informed?

2. Government stimulus

Accessing Government stimulus	
	Is Management clear on what is available - PAYG discount, interest reduction, depreciation, apprentices etc.?
	Are actions being taken to ensure the business is accessing all available stimulus packages?
	Is the business eligible for the Bank Forbearance/Waiver of 6 months announced on 20 March 2020?
	Can the Government supported loan of \$250k be accessed and is it worthwhile to explore comparative alternatives?



3. Operational issues

Employees	
	Does the business have a Business Crisis or Business Continuity Plan specifically dealing with employees work requirements, obligations and requirements?
	Have existing HR policies been reviewed specifically relating to remote working and travel policies to reflect that employees may need to be isolated (quickly) to protect their health?
	Have these policies been effectively communicated to employees and implemented? Are updates provided to employees on an ongoing basis?
	Has stand down been considered and have preparations been made?
	Can the business still operate with half its workforce absent for 2 weeks?
	Have you established procedures and a communication strategy to employees in the event of infection of staff members?
	Do you have a communication strategy in the event of a death of an employee?
	How is the business going to operate in a lock down scenario, who will supervise operations and conduct day to day operations?
	At the end of any lock down, how will operations be re-opened and how long will that take to occur - what resources/people are required for that to occur?
Technology	
	Are your staff able to work remotely, do they have a laptop or a desktop computer at home?
	Can staff access your systems remotely?
	Do staff have necessary working from home technology, being computer, headset, camera, keyboard, mouse, additional screen if necessary?
	Have staff tested working from home?
	Has your IT team tested security settings for remote connections and is the infrastructure in place to support the entire business working remotely?
	Does your business have enough software licenses for all staff to access programs remotely?
	What is your data retention and is it impacted by all employees working remotely? Will you be able to retrieve backups of data in the event of a quarantine of all members of society?
Customers	
	If relevant, can you quickly change your delivery methods to customers?
	Have you considered what methods are being employed by your competitors (e.g. activities/delivery methods to reduce human contact)?
	Have you communicated with your customer base about COVID-19 and the steps you are taking to reduce risk for customers, employees, suppliers?
	Have you undertaken a contract review to identify key contract risk and ability for customers of your business to declare "force majeure" under the existing contract?
	<i>Key contract reviews may also be necessary as the impact of any change in supply may provide grounds for termination/revision of terms. This may be an opportunity to revise unattractive terms.</i>
Insurance	
	Are there any uninsured or underinsured catastrophes that you can foresee?
	Do you have Trade Debtor insurance?



4. Supply chain

Considerations	
	Has your supply chain be affected over the past 6 weeks?
	Are you still having issues obtaining supply from your key suppliers? Are they overseas?
	Do you have logistics/transport issues with delays in delivery of goods?
	Are you concerned about the collapse of key suppliers in your supply chain? Do you have a plan to source alternate supply if required?

5. Financial position & forecast

Turnover/Profitability Assessment	
	Has your business experienced a significant decline in revenue in 2020 that is related to the impact of COVID-19?
	Has your business experienced a significant decline in revenue in the last two weeks?
	If there was a 15%+ revenue decline for the June 2020 quarter (and September 2020 quarter), how quickly is your business able to reduce its cost structure?
	Have you undertaken a detailed review of your cost structure and considered what cost reduction measures can be implemented?
	Have you undertaken a scenario analysis to assess these measures on an optimistic and pessimistic basis?
Cash Flow Assessment	
	Do you have a weekly cash flow forecast for the next 13 weeks and monthly cash flow forecast for the next 12 months?
	Have you undertaken a detailed review of cash flow forecasts including undertaking a scenario analysis of: <ul style="list-style-type: none"> • Impacts on revenue turnover from falling demand: • Cost reduction measures (including negotiation of standstill arrangements with key stakeholders (e.g. rent reduction from landlords); and • Consideration of available sources of additional capital (if required) that may assist managing the critical period (hopefully short but may be drawn-out).
	Following adjustment to the business's short-term forecast (based on current trading conditions) do you have less than 8 weeks working capital to fund the business?
	Have you undertaken a banking covenant analysis (including headroom) based on current market conditions for consideration by management/owners/financier?

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Balance sheet assessment	
	Are you concerned about the collectability of your debtors? Is your current cash flow position reliant on less than 3 major debtors?
	What would be the impact if those debtors were unable to pay?
	Has your inventory turnover worsened?
	Are you concerned about a build-up of stock in your business over the next 3 months?
	Do you have a PPSR registration process in place when provide goods to customers on credit terms?
	Is your P&E subject to finance?
	Are you able to discuss a rental/finance lease payment deferral with financiers?
	Do you have any non-core assets that could be realised to assist cash flow?
	Will your accounts payable aging deteriorate over the next month, so suppliers are not being paid within their standard trading terms.
	Do you have a communication plan to engage with your key suppliers to discuss an extension of payment terms?
	Have you reviewed the terms of your existing Secured Lender facilities?
	Do you have a plan to proactively communicate with your lenders in the event you breach your covenants?
	Are payment to ATO, Revenue Office and superannuation up to date and within terms? If not, are documented payment plans in place?
Balance of information	
	Have you developed a short-term plan documenting the revised financial forecast?
	Have you considered the mitigation strategies that could be implemented?
	Have you begun to develop a communication strategy with key stakeholders?



ABOUT HLB MANN JUDD

The HLB Mann Judd Australasian Association consists of nine member firms and three representative firms across Australia, New Zealand and Fiji. It represents a group of specialists providing business advice and services to a wide range of business organisations and private clients.

HLB Mann Judd is a member of HLB International, the global advisory and accounting network. HLB has a history of innovation, collaboration and is dedicated to helping clients grow across borders.

Through the power of more than 27,000 professionals across 153 countries, HLB combines local expertise and global capabilities to service clients' needs. For more information visit www.hlb.com.au

CLIENT CHOICE AWARDS WINNER 2020

Best Accounting & Consulting Services (revenue \$50 million - \$200 million)

Best Accountant and Best Professional (Litsa Christodoulou)

Finalist (Best Provider to Government & Community)

Finalist (Most Innovative Firm)

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