

# Resilience and Cashflow Management, critical elements to get right in a crisis

## Kirsty Warner

Director, Business Advisory,  
Grant Thornton Channel Islands

## Carrie Ng

Head of Commercial Banking, HSBC Guernsey



# Grant Thornton Speaker



## **Kirsty Warner**

### **Director, Business Advisory**

Kirsty is a director and heads the Business Advisory department in Guernsey.

Kirsty and her team offer a range of services that includes audit, accounts production, fully outsourced finance functions, business plans & cash flow projections, forensic work and valuations.

Kirsty is also a mentor and coach, in which she works with CEO's and senior leadership teams to help them overcome challenges, stretch themselves, develop new skills and grow their businesses.

Kirsty is a member of the GSCCA Education Committee.

# Agenda

- **Resilience Wheel**
- **Cashflow presentation**
- **Government initiatives**
- **HSBC presentation**



# Resilience wheel



# Resilience wheel

- Cash management
- Contingency planning
- Stakeholder management
- People
- Setting up a crisis management team



# Cashflow budgeting

## What is a cashflow:

- It is a useful budgeting tool for decision making and analysis
- A cashflow can therefore estimate a cash shortage in such difficult times as these
- A cash flow budget is an estimate of all cash receipts and all cash expenditures that are expected to occur during a certain time period.



# Why use cashflow

## What is a cashflow:

**A cash flow budget is a useful management tool because it:**

- forces you to think through your business plans for the year
- tests your business plans, such as if you will produce enough income to meet all your cash needs
- projects how much operating credit you will need and when loans can be repaid
- provides a guide against which you can compare your actual cash flows
- helps you communicate your business plans and credit needs to your bank



# How to prepare a cashflow budget

## How to prepare a cashflow budget

- **Step 1** – You will need to input your current bank balance at the outset
- **Step 2** – You will then need to review all income from your business over the last 2 to 3 years.
- **Step 3** - Review expenditure incurred for your business over the last 2 to 3 years
- **Step 4** - Consider any capital expenditure your business will need, i.e. new machinery etc.





# ABC LIMITED - BUDGET CASH FLOW - NO COVID19

	BUDGET - WEEK 1	BUDGET - WEEK 2	BUDGET - WEEK 3	BUDGET - WEEK 4
<b>INCOME</b>				
Residential	£10,000.00	£10,000.00	£10,000.00	£10,000.00
Commercial	3,000.00	3,000.00	3,000.00	3,000.00
Sales already raised and awaiting payment	£-	£-	£-	£-
BANK INTEREST	£-	£-	£-	£-
<b>TOTAL INCOME</b>	<b>£13,000.00</b>	<b>£13,000.00</b>	<b>£13,000.00</b>	<b>£13,000.00</b>
<b>COSTS</b>				
Suppliers invoices due for payment	£-	£-	£-	£-
Cost of sales (analysed as necessary)	£6,500.00	£6,500.00	£6,500.00	£6,500.00
Annual validation	£-	£-	£-	£-
Data protection annual fee	£-	£-	£-	£-
Guernsey registry	£-	£-	£-	£-
Pi insurance	£-	£-	£-	£-
Rent	£-	£-	£-	£-
Service charge	£-	£-	£-	£-
Trp	£-	£-	£-	£-
Rates	£-	£-	£-	£-
Building insurance	£-	£-	£-	£-
Electricity	£-	£-	£-	£-
Compliance	£-	£-	£-	£-
Accounting	£-	£-	£-	£-
Audit	£-	£-	£-	£-
Training	£-	£-	£-	£-
Sponsorship	£-	£-	£-	£-
Marketing	£-	£-	£-	£-
Travel	£-	£-	£-	£-
Events	£-	£-	£-	£-
General office expenses / post	£-	£-	£-	£-
Phones (annual)	£-	£-	£-	£-
It (annual)	£-	£-	£-	£-
Salaries	£-	£-	£-	£-
Tax	£-	£-	£-	£-
Social security	£-	£-	£-	£-
Business development	£-	£-	£-	£-
Bank charges	£-	£-	£-	£-
Petty cash	£-	£-	£-	£-
Bank interest	£-	£-	£-	£-
<b>TOTAL COSTS</b>	<b>£-</b>	<b>£-</b>	<b>£-</b>	<b>£-</b>
<b>CASH BROUGHT FORWARD</b>	<b>£150,000.00</b>	<b>£163,000.00</b>	<b>£176,000.00</b>	<b>£189,000.00</b>
<b>CASH MOVEMENT</b>	<b>£13,000.00</b>	<b>£13,000.00</b>	<b>£13,000.00</b>	<b>£13,000.00</b>
<b>CASH CARRIED FORWARD</b>	<b>£163,000.00</b>	<b>£176,000.00</b>	<b>£189,000.00</b>	<b>£202,000.00</b>

# ABC LIMITED - BUDGET CASH FLOW – WITH COVID19

	BUDGET - WEEK 1	BUDGET - WEEK 2	BUDGET - WEEK 3	BUDGET - WEEK 4
<b>INCOME</b>				
Residential	£5,000.00	£3,000.00	£4,000.00	£7,000.00
Commercial	£1,500.00	£-	£-	£1,500.00
Etc.	£-	£-	£-	£-
Bank loan	£-	£-	£-	£-
Government payroll scheme	£-	£-	£-	£-
Government grant	£-	£-	£-	£-
<b>BANK INTEREST</b>	£-	£-	£-	£-
<b>TOTAL INCOME</b>	<b>£6,500.00</b>	<b>£3,000.00</b>	<b>£4,000.00</b>	<b>£8,500.00</b>
<b>COSTS</b>				
Cost of sales (analysed as necessary)	£3,250.00	£1,500.00	£2,000.00	£4,250.00
Annual validation	£-	£-	£-	£-
Data protection annual fee	£-	£-	£-	£-
Guernsey registry	£-	£-	£-	£-
Pi insurance	£-	£-	£-	£-
Rent	£-	£-	£-	£-
Service charge	£-	£-	£-	£-
Trp	£-	£-	£-	£-
Rates	£-	£-	£-	£-
Building insurance	£-	£-	£-	£-
Electricity	£-	£-	£-	£-
Compliance	£-	£-	£-	£-
Accounting	£-	£-	£-	£-
Audit	£-	£-	£-	£-
Training	£-	£-	£-	£-
Sponsorship	£-	£-	£-	£-
Marketing	£-	£-	£-	£-
Travel	£-	£-	£-	£-
Events	£-	£-	£-	£-
General office expenses / post	£-	£-	£-	£-
Phones (annual)	£-	£-	£-	£-
It (annual)	£-	£-	£-	£-
Salaries	£-	£-	£-	£-
Tax	£-	£-	£-	£-
Social security	£-	£-	£-	£-
Business development	£-	£-	£-	£-
Bank charges	£-	£-	£-	£-
Petty cash	£-	£-	£-	£-
Bank interest	£-	£-	£-	£-
Bank interest	£-	£-	£-	£-
<b>TOTAL COSTS</b>	<b>£-</b>	<b>£-</b>	<b>£-</b>	<b>£-</b>
<b>CASH BROUGHT FORWARD</b>	<b>£150,000.00</b>	<b>£156,500.00</b>	<b>£159,500.00</b>	<b>£163,500.00</b>
<b>CASH MOVEMENT</b>	<b>£6,500.00</b>	<b>£3,000.00</b>	<b>£4,000.00</b>	<b>£8,500.00</b>
<b>CASH CARRIED FORWARD</b>	<b>£156,500.00</b>	<b>£159,500.00</b>	<b>£163,500.00</b>	<b>£172,000.00</b>

# Government initiatives

- **Financial support for individuals:**
  - Unemployment benefit
  - Sickness benefit
  - Income support
  - Hardship fund
- **Financial support for self-employed people:**
  - Unemployment benefit
  - Sickness benefit
  - Income support
  - £3k grant
  - Payroll Co-funding Scheme
- **Business guidance:**
  - Payroll Co-funding Scheme
  - £3k grant
  - Loan Guarantee Scheme
- **Other considerations**

## SoG contact details:

[www.covid19.gov.gg/](http://www.covid19.gov.gg/)

**E** [hardshipfund@gov.gg](mailto:hardshipfund@gov.gg)

**T** 01481 732516



# HSBC Speaker



## **Carrie Ng**

**Head of Commercial Banking, HSBC Guernsey**

Carrie is the Head of Commercial Banking for HSBC Guernsey and has worked internationally in Asia and the UK.

Carrie has worked with businesses throughout her career with HSBC, including small-to-medium sized businesses both domestic and international, mid-market enterprises with characteristics of high growth and transaction-active (e.g. mergers, acquisitions, demergers, etc.), blue chip corporations, and state-owned enterprises.

She has mentored start-up businesses and ran a business consulting programme targeting start-ups for HSBC Hong Kong.

# States-back Loan Guarantee Scheme

- Only applies to trading businesses in the Bailiwick
- Max turnover £10m
- Business must meet the viability test
- States to underwrite guarantees to banks of up to 80% of lending
- New lending of £5,000 to £500,000
- Borrower remains 100% liable for the debt
- Borrower not a participant in a COVID-19 business interruption loan scheme operated in the UK or any other Crown Dependency



# States-back Loan Guarantee Scheme

- Copy of the last 2 years financial accounts
- Cash flow forecast (covering the next 12-months)
- Business plan, including 2020 budget and YTD management accounts
- Overview of existing borrowing facilities (across all lenders)
- Security: currently provided and potentially available
- Estimated borrowing requirement and for what period



# Contact us



## **Kirsty Warner**

Director, Business Advisory  
Grant Thornton Channel Islands

**T** +44 (0)1481 753475

**E** [kirsty.warner@gt-ci.com](mailto:kirsty.warner@gt-ci.com)



## **Carrie Ng**

Head of Commercial Banking,  
HSBC Guernsey

**T** +44 (0)1481 717964

**E** [carriekyng@hsbc.com](mailto:carriekyng@hsbc.com)