

Grant Thornton

Covid-19 – Key considerations for your business

Client webinar – March 25, 2020

Covid-19 – Key considerations for your business

Client webinar

9:30am

Introduction

Vic Anglely – Tax Partner, Grant Thornton

9:30 – 9:45

Working capital management and optimisation

Dara Kelly – Advisory Partner, Grant Thornton

9:45 – 10:00

Covid-19 employment law and other related legal considerations

Tom Dowling – Partner, Hogan Dowling McNamara Solicitors

10:00 – 10:15

Employee engagement and maintaining a high performance culture

John McNamara – Co-Founder, Performance Nerds

10:15 – 10:25

Global macroeconomic implications and remaining potential investment opportunities

Oliver O'Connor - Partner & Andrew Webb - Chief Economist, Grant Thornton

10:25 – 10:30

Covid-19 - Key tax considerations

Vic Anglely - Tax Partner, Grant Thornton

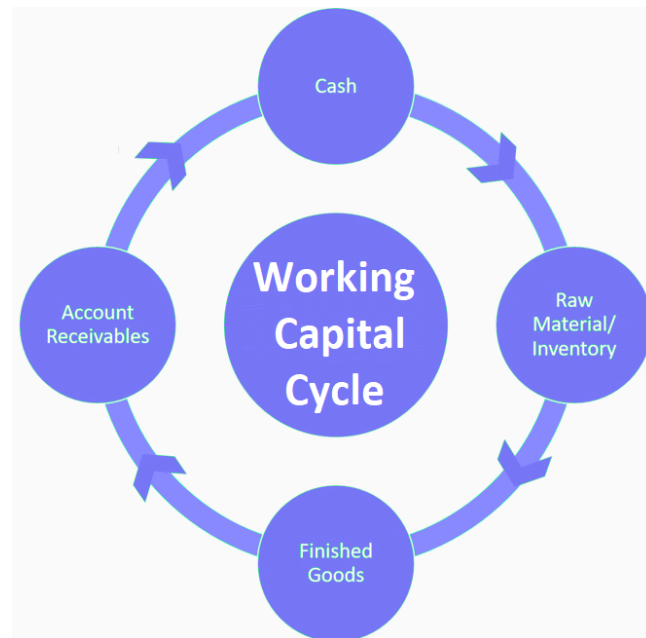
Management and optimization of working capital

Dara Kelly

Advisory Partner

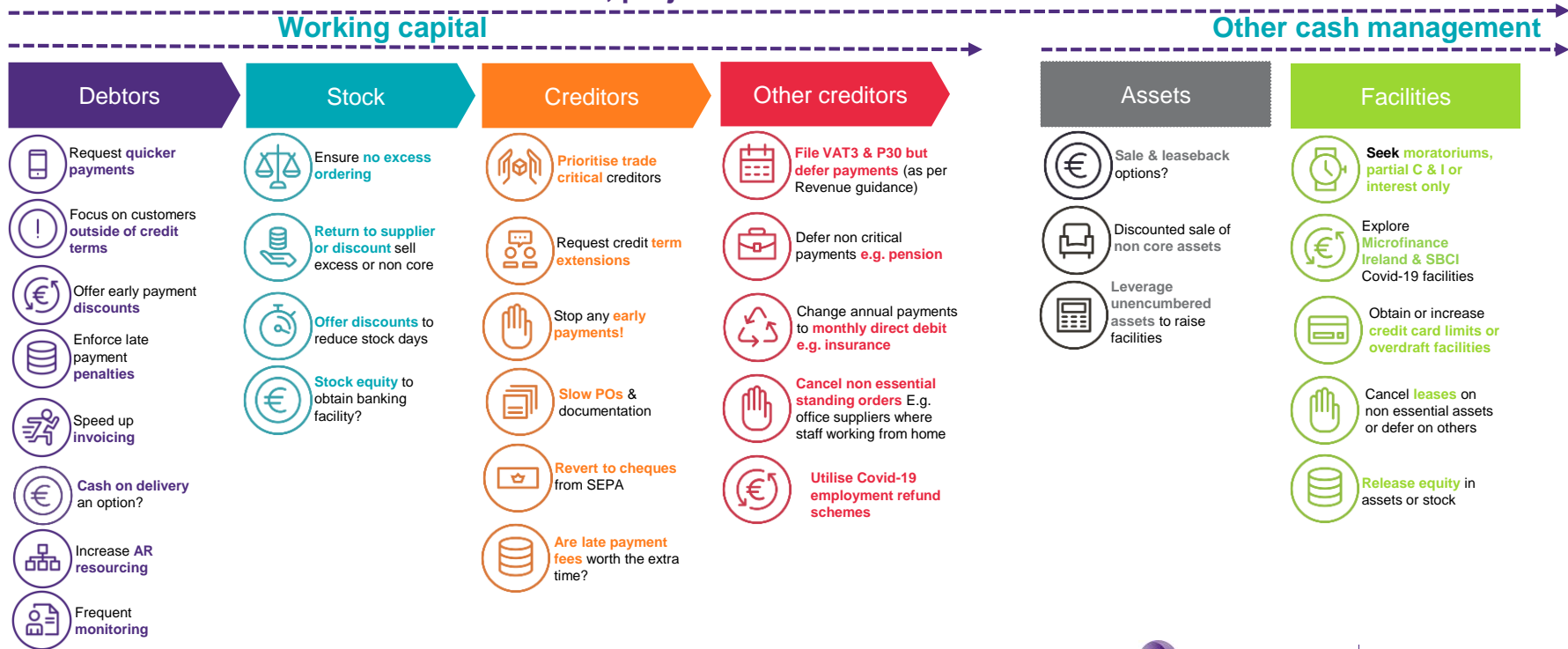
Working capital management – key steps

1. Communication
 - I. Talk to your bank (flexibility will be received)
 - II. Talk to Revenue; Clients; Key Creditors; Key Suppliers etc.
2. Review your current agreements & contractual obligations to and from, e.g. Force Majeure / cancellation; Banking facility headroom; covenants/events of default and Insurances being key.
3. Immediate steps on Working Capital (next slide)
4. Government Supports for Working Capital
 - I. SBCI Working Capital Scheme (facility up to €1.5m max 4%)
 - II. Credit guarantee scheme (loans up to €1m – AIB, BoI, Ulster Bank)
 - III. Micro-Finance Ireland (loans up to €50k – 6 months C&I moratorium)
5. Government supports regarding Department of Employment Affairs & Social Protection



Considerations for working capital & cash management

Monitor, project and stress test cash flows



Resilience Wheel



Legal Considerations from Covid-19



LEGALLY SPEAKING,
WE'RE DIFFERENT

Thomas Dowling

Hogan Dowling McNamara Solicitors

Castletroy House, Dublin Road, Limerick.

061 501100 / tdowling@hdm.ie

Employment Issues

- Lay Off
- Short Time
- Redundancy issues
- Unemployment Benefits – Short time work support, Covid-19 Unemployment Payment
- Sick Pay
- Available for work?



Safe Place of Work

- Section 8 Safety, Health & Welfare at Work Act 2005
- Duty to provide safe place and system of work
- Risk Assessments
- Cleaning & Quarantine
- Scenario Test



Landlord & Tenant Issues

- Rent Reductions
- Clarity in scope and duration
- Written Agreements

Insurance Policies

- Business interruption policies
- Property Damage requirement?
- Infectious Disease Limitations
- Exclusion of SARS and variations of H1N1/H5N1



Data Protection issues

- Common Sense lacking in all GDPR
- Minimum necessary amount of data
- Questionnaires for visitors to premises re travel & symptoms
- Avoid disclosure of personal medical information of employees to other staff



LEGALLY SPEAKING,
WE'RE DIFFERENT

Employee engagement and “maintaining” a high performance culture

John McNamara

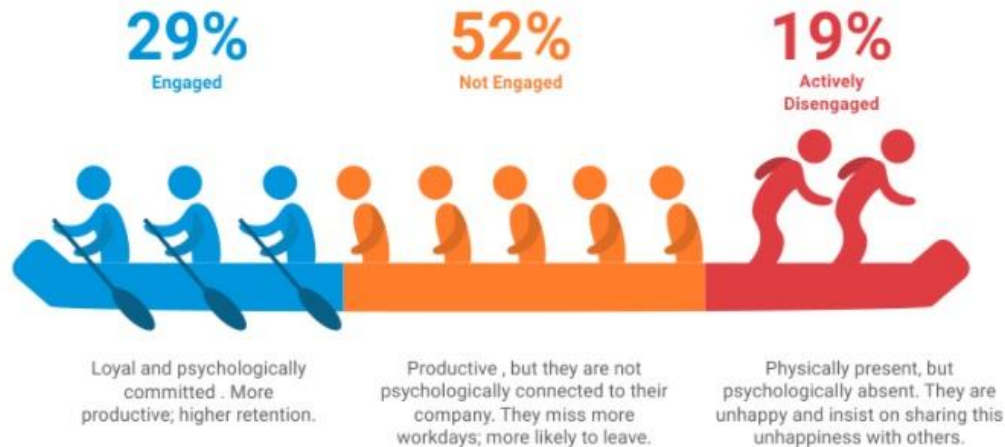
Co-Founder, Performance Nerds

Employee engagement and “maintaining” a high performance culture

5 Areas of Focus

1. Manage yourself First
2. How can you use this as an Opportunity
3. Clarity is Key
4. TRUST!
5. Managing Performance & Culture remotely





**Same boat, different engagement.
Some drive it, some jump off it.**

Never let a good crisis go to waste – Winston Churchill

Manage yourself first

- You set the temperature in the room. This is when you Lead!
- What needs to be present for me to be at my best during these times?
(exercise, structure, fresh air, connection, meditation, sleep, good nutrition)
- Sanity Check the above with ----- Have I built a new structure that enables me to be effective, happy and engaged?



How can you use this as an Opportunity?

- Step 1 – choose your attitude towards this! – How am I going to view this? (it is a choice)
- Identify areas you can improve during this period:
- Culture – Engagement – Processes – PDP's – Knowledge or Skills Gaps – Client relationships - Your Leadership style!

TRUST

- Do you trust yourself to be able to be able to navigate this difficult time in your business?
- Do you trust your team to perform effectively in a remote environment?
- If not, why not?
- Do you need to use this time to really assess your leadership style – are you micro managing, or doing tasks that aren't in your job spec?



Clarity is Key

- Communicate clearly & consistently on your outcomes, objectives and strategy (what has changed, if anything) – what are we trying to achieve now?
- Roles (who is doing what)
- Communication – DO NOT bury your head in the sand. Leadership involves having tough conversations and making difficult decisions. Do it with empathy
- Behaviours & Culture – what are the new accepted norms? How do you continue to live your values remotely?

Managing Performance Remotely

- Clarity and then accountability – How are we going to do accountability now?
- Support structures – professional and emotional
- Autonomy – Stretch but Support!
- Manage your physical environment
- Recognition for good work is even more important now. Thank you and well done can go a very long way!



Please reach out!

john@performancenerds.com

www.performancenerds.com

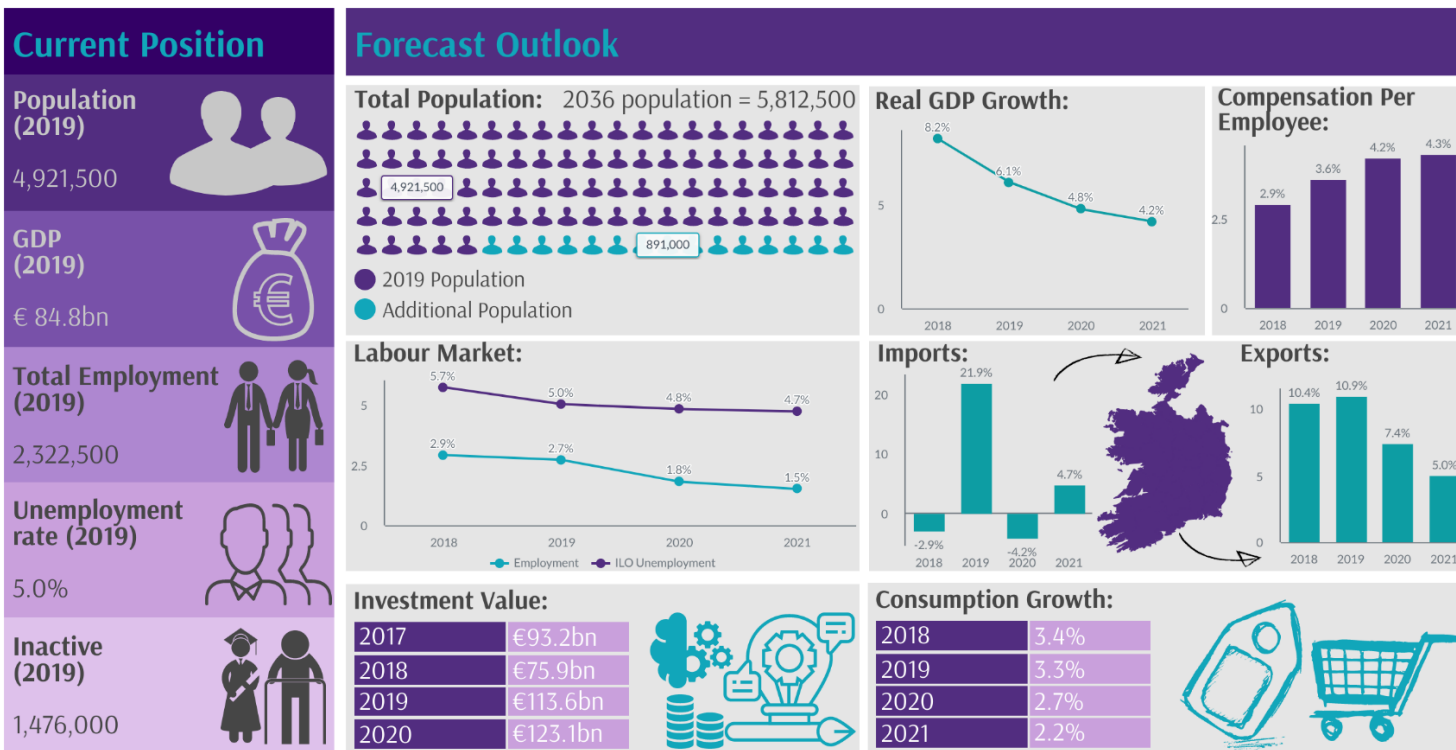


Global macroeconomic implications and remaining potential investment opportunities

Andrew Webb

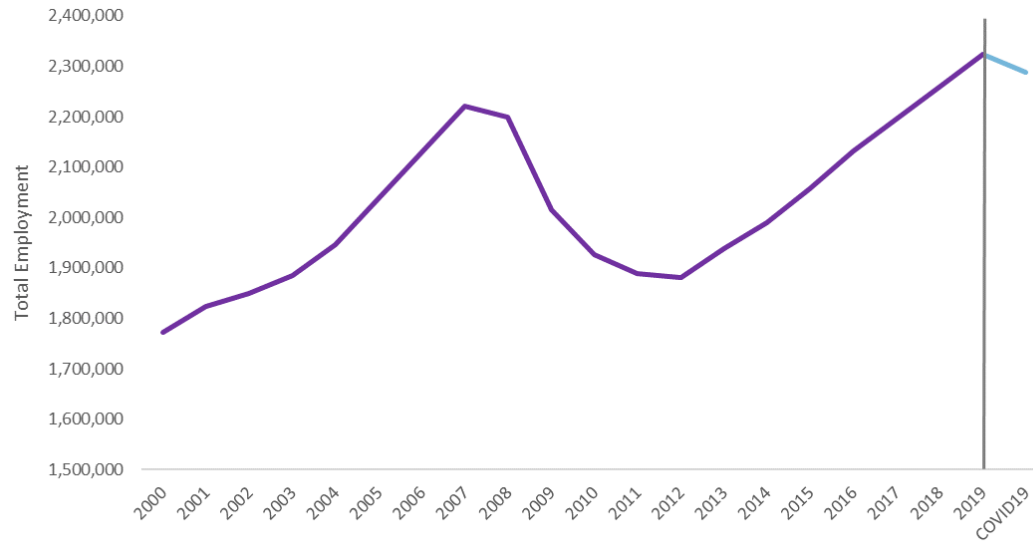
Chief Economist

Pre Corona economic strength



During Corona: Labour Market Contractions

Total employment including COVID19 suspected jobs losses March 2020, ROI, 2000-19

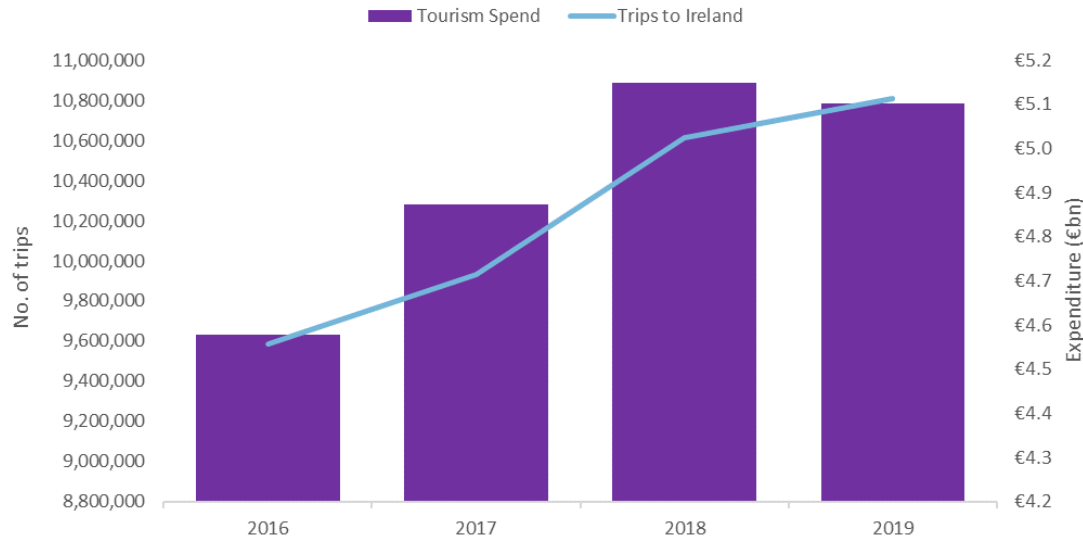


Source: CSO & Retail Excellence

- Retail excellence forecast 140,000 jobs have been lost in the past two weeks, with an expected 200,000 to follow.
- Expected 14.6% of jobs lost.

During Corona: Tourism and hospitality bears the brunt

Total tourism spend Vs No. trips to Ireland, ROI, 2016-19

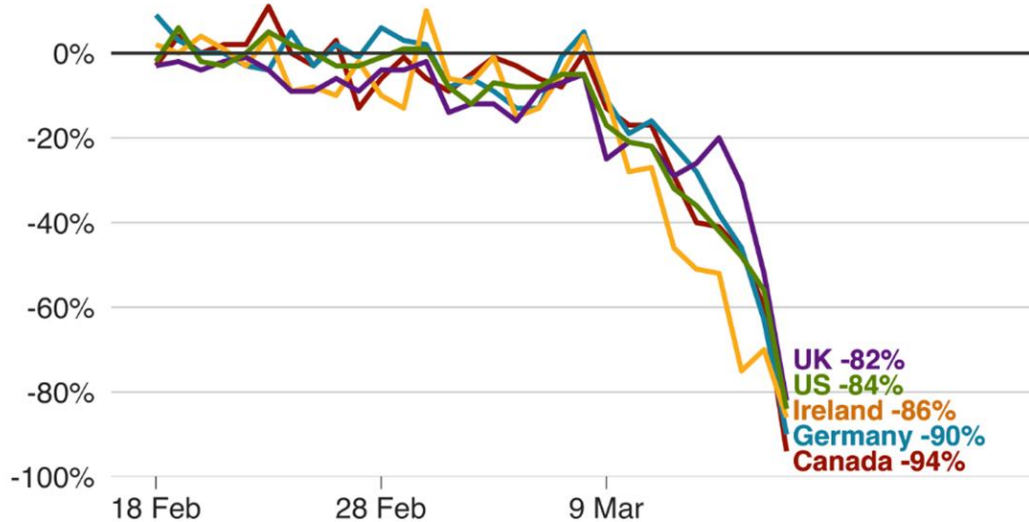


Source: CSO

- In 2019, €472 on average was spent by visitors to Ireland.
- €5.1bn was raised by tourism expenditure in 2019.
- Potential loss of € 73m in revenue due to the cancelation of Dublin's St. Patricks day parade – rest of the year looks grim.

During Corona: Hospitality Impacts

Restaurants reservations compared to the same day last year



Source: OpenTable

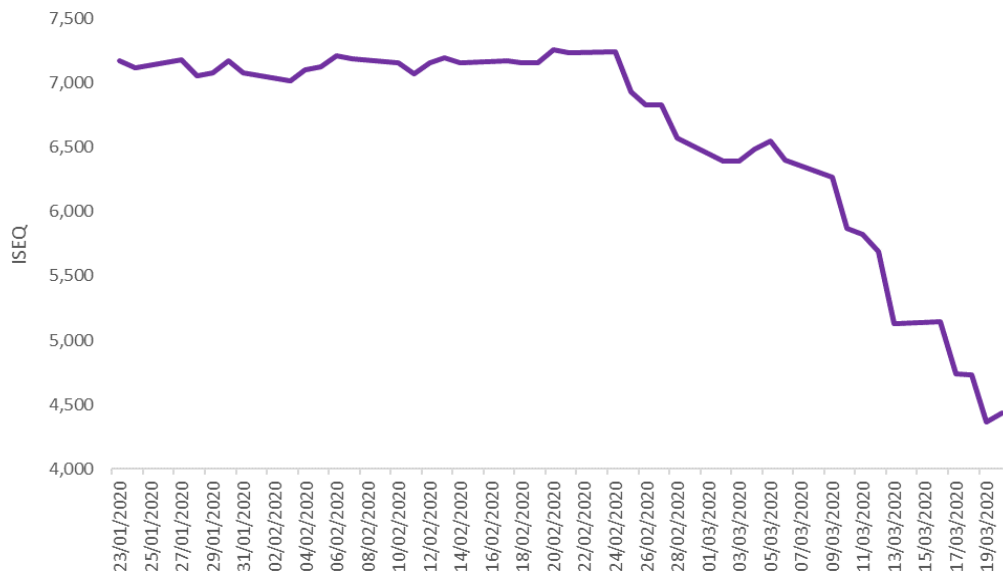
BBC

- Irish restraint reservations has seen a 86% decrease on last year's numbers.
- Government advice to stay at home and residents fears of the virus could have a devastating impact on the hospitality sector.



During Corona: ISEQ Shares lose 1/3 in 3 Weeks

ISEQ opening share prices, January 2020 – March 2020



Source: Yahoo Statistics

- ISEQ share prices fall by 30.7% since the start of March.



Post Corona: Strong declines expected, strong rebounds hoped for

- The extent of the decline in economic performance is anyone's guess – economy going into 'limp mode' and maybe full shutdown
- The ILO warned that the economic fallout from coronavirus could cause a loss of up to 25m jobs world wide.
- Risk that it doesn't power up as quickly as it powered down
- Must prevent permanent economic damage from now problems
- Will our economic behaviour alter fundamentally?
 - Localism?
 - Changed consumer patterns?
- The economy will come back, when and how is uncertain but hope and (importantly) economic opportunity still exists

A plethora of guess work – two researchers, seven different scenarios!

Country/Region	S01	S02	S03	S04	S05	S06	S07
Australia	-0.3	-0.4	-0.7	-2.1	-4.6	-7.9	-2.0
Brazil	-0.3	-0.3	-0.5	-2.1	-4.7	-8.0	-1.9
China	-0.4	-1.9	-6.0	-1.6	-3.6	-6.2	-2.2
India	-0.2	-0.2	-0.4	-1.4	-3.1	-5.3	-1.3
Rest of euro area	-0.2	-0.2	-0.4	-2.1	-4.8	-8.4	-1.9
France	-0.2	-0.3	-0.3	-2.0	-4.6	-8.0	-1.5
Germany	-0.2	-0.3	-0.5	-2.2	-5.0	-8.7	-1.7
South Africa	-0.2	-0.2	-0.4	-1.8	-4.0	-7.0	-1.5
Italy	-0.2	-0.3	-0.4	-2.1	-4.8	-8.3	-2.2
Japan	-0.3	-0.4	-0.5	-2.5	-5.7	-9.9	-2.0
United Kingdom	-0.2	-0.2	-0.3	-1.5	-3.5	-6.0	-1.2
Rest of World	-0.2	-0.2	-0.3	-1.5	-3.5	-5.9	-1.5
Mexico	-0.1	-0.1	-0.1	-0.9	-2.2	-3.8	-0.9
Canada	-0.2	-0.2	-0.4	-1.8	-4.1	-7.1	-1.6
Rest of OECD	-0.3	-0.3	-0.5	-2.0	-4.4	-7.7	-1.8
Rest of oil-producing countries	-0.2	-0.2	-0.4	-1.4	-3.2	-5.5	-1.3
Argentina	-0.2	-0.3	-0.5	-1.6	-3.5	-6.0	-1.2
Russia	-0.2	-0.3	-0.5	-2.0	-4.6	-8.0	-1.9
Saudi Arabia	-0.2	-0.2	-0.3	-0.7	-1.4	-2.4	-1.3
Turkey	-0.1	-0.2	-0.2	-1.4	-3.2	-5.5	-1.2
United States	-0.1	-0.1	-0.2	-2.0	-4.8	-8.4	-1.5
Other Asia	-0.1	-0.2	-0.4	-1.6	-3.6	-6.3	-1.5
Indonesia	-0.2	-0.2	-0.3	-1.3	-2.8	-4.7	-1.3
Republic of Korea	-0.1	-0.2	-0.3	-1.4	-3.3	-5.8	-1.3

Source: McKibbin and Fernando



Grant Thornton

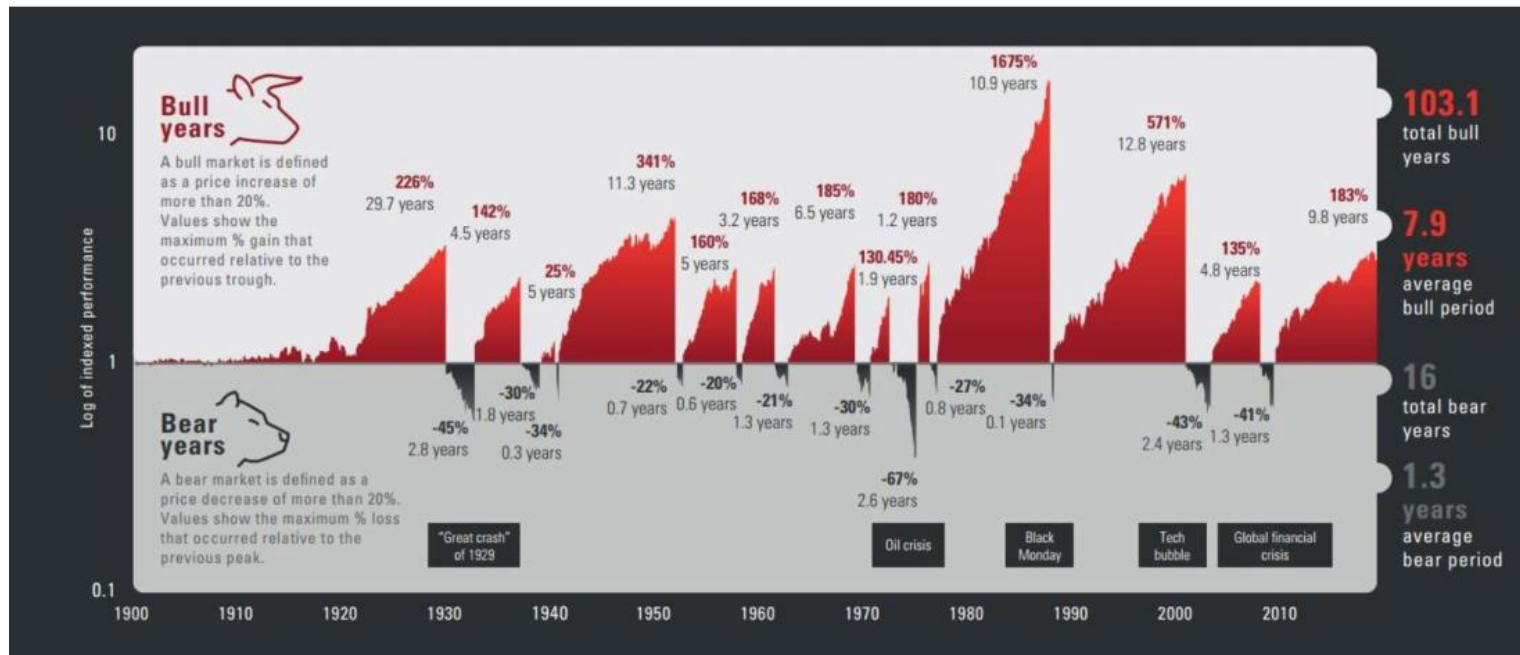
An instinct for growth™

Global macroeconomic implications and remaining potential investment opportunities

Oliver O'Connor

Partner

Bull and Bear Markets



Notes: Calculations are based on FTSE All Share (GBP Total Return). A bear market is defined as a price decrease of more than 20%. A bull market is defined as a price increase of more than 20%. The plotted areas depict the losses/gains ranging from the minimum following a 20% loss to the respective maximum following a 20% appreciation in the underlying index. Time period: 31 January 1900 to 31 December 2018. Calculations based on monthly data. Logarithmic scale on y axis. Source: Global Financial Data.

Past performance is not a reliable indicator of future results. The value of investments, and the income from them may fall or rise and investors may get back less than they invested.

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Covid-19

Key tax considerations

Vic Angley

Tax Partner

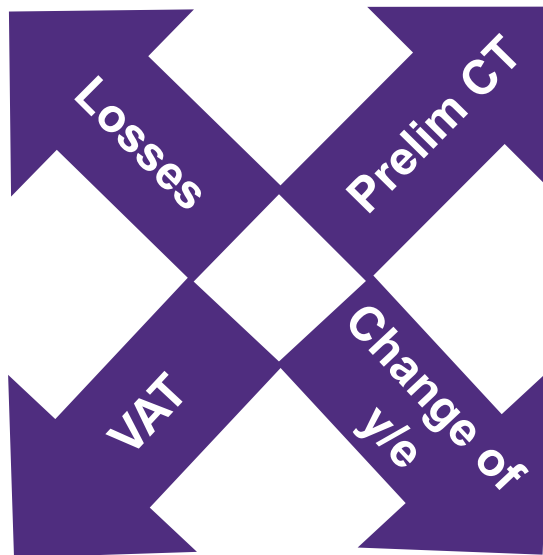
Key tax considerations

Losses

- Set back to p/y
- File early
- Terminal loss claims

VAT

- Bad debt relief
- Managing tax point
- Employee expenses
- AP reviews



Prelim CT

- Large companies – based on 50% of p/y or 45% of c/y
- Small companies – based on 100% of p/y or 90% of c/y

Year end change

- Consider extending co's y/e to capture poor trading months
- i.e. 31/12/19 becomes 30/6/20 and minimise CT payable relating to profitable FY19



Change of Accounting Year End - Example

By way of example –

	Taxable Profit €	CT Liability €
Jan – Dec 2019	2,000,000	250,000
Jan – June 2020	<u>750,000</u>	<u>93,750</u>
	2,750,000	343,750

- Where the accounts are extended by 6 months, the CT liability owing at 23 September 2020 will be 12/18th of €343,750 – being €229,167.
- This provides a cashflow saving of €20,833 (€250,000 vs €229,167).
- Preliminary tax payments will need to be considered for each company in light of the potential cashflow benefits here.

Government supports

Grant Thornton Insights on various Covid-19 supports

Grant Thornton overview

<https://www.grantthornton.ie/insights/blogs/covid-19---government-supports/>

Illness benefit changes

<https://www.grantthornton.ie/insights/blogs/covid-19-enhanced-illness-benefit-payment/>

Refund scheme

<https://www.grantthornton.ie/insights/blogs/government-refund-scheme--faqs/>



Thank you