

# Financial Considerations

## **The government is expecting a recession and we expect this to impact Taranaki more significantly than the Global Financial Crises of 2008.**

It is not a matter of if, but when and to what extent. We expect it to be broad-reaching and impact a number of industries. Here are some considerations from our accountants and business advisors:

- Ensure your monthly financial reporting is accurate and up to date. To be eligible for the COVID-19 wage subsidy you need to be confident of a 30% drop in turnover from the same time last year.
- Wages tend to be the highest cost of many businesses. If you experience a downturn what is your contingency plan with regards to working from home, or staff working a 3 or 4-day week?
- Supply Chain. Talk to your suppliers – what are their plans? Will you be able to receive what you need to continue to operate?

- Banks – we are hopeful that banks will provide assistance in this time of need.
- BE PROACTIVE and talk to your bank so you know what you might receive. E.g. repayment holidays? Relaxing of Covenants?
- Taxes – we expect IRD to provide additional assistance with regards to taxes payable over the coming year. We will keep you up to date and advise you of your options when this information becomes available.
- Cash is King – an old cliché, but more relevant than ever. You might need cash to cover essential costs or retain employees until we get to the other side. Try to eliminate unnecessary spending, both on a personal and business front.

**As always, we are here to assist, so please contact your usual advisor if any questions.**



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### **About Baker Tilly Staples Rodway.**

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