

# Dealing with Cash Flow Problems

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Cash Flow is one of the most important issues that any Business Owner has to deal with all the time. We have experts who can assess your situation and produce a workable solution for you which will relieve you of your cash flow worries. We conduct an initial study of your business and produce a report that highlights some of the key issues that need to be dealt with. Our report will give a snapshot of the current situation. If necessary, it can include detailed budgets and cash flow forecasts to give the business a framework to work from. If the report indicates that a good underlying business is having temporary difficulties, The Accounts People can assist through the restructuring, working with other professionals to provide legal protection should any insolvency procedures need to be followed. Our detailed review would assist in providing assurance to the financiers who may help the business through its difficulties.

Some of the issues we might highlight:

## 1. Viability of the business after a large bad debt

On one occasion a Clothing Distributor had difficulties on a large contract and the main manufacturer would not pay him. We ascertained that there was a good underlying business, mediated with all creditors on an informal basis, reduced the unsecured debt by 75%, and helped in raising further finance to pay those creditors. The business was able to continue trading with no insolvency procedures taking place.

## 2. Better borrowing structure

A rapidly expanding electrical contractor was having difficulty coping with the increased cash requirements of his successful business. We highlighted the problems and shortcomings in monitoring contract performance. Our review assisted in obtaining funds from a Venture Capital provider.

Alternatively, if an informal agreement like this cannot be reached, a Company Voluntary Arrangement may be the answer - a Court procedure to enable a viable business to continue trading.

## 3. Loss of a major customer or supplier

Time may be needed to reduce overheads if sales are significantly reduced and, if a supplier goes out of business, time may be needed to obtain alternative suppliers.

## 4. Significant increase beyond your control in material costs or overheads

Adjustments to the cost structure of the business may be needed - we can assess future viability and the best way to proceed.

## 5. Cyclical or seasonal downturn in business

Businesses need to plan ahead for possible downturns. We can help assess the risks.

## 6. Need to pay out retiring directors, partners or shareholders

We can help find new investors or partners to assist in financing the purchase of the share of the business to be sold.

## 7. Change in proprietor's personal circumstances

Illness may reduce the ability of the proprietor of a business to manage - we can help ensure the business remains viable and to help find suitable management to operate the business.

## 8. Customer or supplier payment terms being amended in their favour

Margins being squeezed may mean a radical re-think as to how the business is organised and how it operates.

## 9. Legal decisions going against the business

One-off legal costs which have not been anticipated could be disastrous. It may be that an 'arrangement' has to be made with all creditors to enable the business to continue.