

Wilkins Southworth

COVID 19 FINANCIAL REVIEW AS AT 12 MAY 2020

This is my sixth Covid 19 Financial Review and it should be read in conjunction with the previous five Financial Reviews. All of these reviews have been posted on our website. Today's content is as of 12 May and incorporates the Chancellor's announcement today on the extension of the Furlough Scheme.

Please remember

TURNOVER is vanity

PROFIT is sanity

But CASH IS KING

Preserve cash at all costs as we don't know how long this will go on for.

Remember an accountant is not there just for the good times. We are still coming in to the office every day and will do as long as we are allowed.

We WILL NOT charge you for any Covid 19 telephone advice.

1. EXTENDED FURLOUGH SCHEME

The Chancellor announced today that the Coronavirus Job Retention Scheme will be extended as follows: -

- a) The scheme that currently expires on 30 June is being extended until 31 October 2020.
- b) Furloughed employees will continue to receive the lower of 80% of the cost to the employer of employing that member of staff or £2,500 per month.
- c) From 1st August furloughed employees will be able to return to work part time with employers being asked to pay a percentage of the salaries of their furloughed staff.
- d) The employer and Government payments will ensure that the employee will continue to receive the lower of 80% of their salary or £2,500 per month.
- e) More details about this arrangement will be released at the end of the month.

As of this morning 935,000 employers had furloughed 7.5 million jobs at a total cost of £10.1 billion.

2. SELF-EMPLOYMENT INCOME SUPPORT SCHEME

There have been some teething problems with this scheme as follows: -

- a) Some people who are eligible to apply for the Self-Employment Income Support Scheme (SEISS) grant have not received any correspondence from HM Revenue & Customs. This may be because HM Revenue & Customs do not have their up to date contact details.

Continued .../2

- b) There have been some false results on HM Revenue & Customs' Self-Employment Income Support Scheme (SEISS) online checker.

This may be because HM Revenue & Customs' systems have missing information on you.

In all instances we would encourage everyone to set up their Government Gateway (see my Covid 19 Financial Review As At 4 May 2020) at <http://www.gov.uk/guidance/claim-a-grant-through-the-coronavirus-covid-19-self-employment-income-support-scheme> as soon as possible.

This must be done by the taxpayer not by us.

However, if you would like us to check the calculations please let us know.

3. IS THIS A FREE LUNCH?

As the saying goes there is no such thing as a free lunch. The figures are alarming:

- a) The furlough scheme has already cost over £10 billion.
- b) This scheme alone is estimated to have a total cost of £100 billion.
- c) In excess of £8.37 billion has been lent under the Bounce Back Loan Scheme.
- d) In excess of £6 billion has been lent under the Coronavirus Business Interruption Loans scheme.
- e) The financial deficit was predicted to be £55 billion in the Government's March Budget. This is now expected to rise by at least £282 billion to £337 billion.

Apart from tinkering at the edges the only way to pay for this is TAX RISES. The likely ones are income tax, national insurance, VAT and to a lesser extent Corporation Tax.

Don't say you weren't warned.

This Aide-Memoire is intended as guidance only. This Financial Review is based on information as at 12 May 2020. The situation is continually changing therefore if you need help regarding any of the above, please contact us immediately. You should not rely on the above as advice.

If you would like us to help you please contact Chris Wilkins FCCA, Wilkins Southworth.

You can contact us at:

Wilkins Southworth
Chartered Certified Accountants
Registered Auditors
10-12 Barnes High Street
Barnes
London SW13 9LW

Phone: 020 8878 3949

Email: cw@wilkinssouthworth.co.uk