



Financial implications and support for walls in Covid-19

From the Financial working group

INTRODUCTION

The following is a guideline for financial best practices for ABC members during this COVID-19 pandemic. You may have considered or done all or some of these points listed but we hope they are useful. How you employ them and take the ideas forward is up to individual business owners to decide and there is no 'one size fits all' approach

HEADLINES

- Cash is king
 - Stop all unnecessary payments
 - Update your accounts now
 - Make sure you know how much money you actually have
 - Speak to your accountant
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GOVERNMENT INITIATIVES

We are sure you are aware of the package of measures put in place by the Government to protect the public and the economy during this period of disruption as below. It is important that you assess your eligibility under each of the schemes and utilise them to the extent you are able. The grant funding and business rates holiday are two which could be sorted out fairly quickly. If you have not done so already, you should also check your insurance policy to establish whether it covers business interruption.

- Coronavirus Job Retention Scheme
- Deferring VAT and Income Tax payments
- Self-employment Income Support Scheme
- Statutory Sick Pay relief package for small and medium sized businesses (SMEs)
- 12-month business rates holiday for all retail, hospitality, leisure and nursery businesses in England
- Small business grant funding of £10,000 for all business in receipt of small business rates relief or rural rates relief
- Grant funding of £25,000 for retail, hospitality and leisure businesses with property with a rateable value between £15,000 and £51,000
- Coronavirus Business Interruption Loan Scheme offering loans of up to £5 million for SMEs through the British Business Bank
- New lending facility from the Bank of England to help support liquidity among larger firms, helping them bridge coronavirus disruption to their cash flows through loans
- HMRC Time To Pay Scheme

There is more detail here, where you can also sign up for regular updates:
<https://www.gov.uk/government/collections/financial-support-for-businesses-during-coronavirus-covid-19>

The Welsh Government have announced business support in addition to the UK Government. Info here:

<https://businesswales.gov.wales/coronavirus-advice/covid-19-support-business>

COST REDUCTION

Communicate on a regular basis with landlords and key stakeholders. Reduce and negotiate all costs and agree new terms and defer if possible:

- *Landlords* - If you rent your building this is a huge monthly outgoing that is potentially up for discussion dependant on your landlord. Do not be afraid to approach them first. Rent deposits could be released as forward rent payments, using 'dead money' to keep you going. A flexible template email is provided at Annex 1 (this approach has worked so don't be shy)
- *Insurance companies* - AIM have so far been receptive to amending liability payments. Use this as leverage of your existing provider i.e moving your business at renewal if they do not help.
- *Staff* - Furloughing staff seems to have been done by most walls but also consider negotiations that will need to be held in the future with regards contracts. Staff are human beings and key to our businesses, but some hard choices may need to be made with regards furloughing on 100% salary ad infinitum. Keep them informed and maintain goodwill wherever possible. It is also a possibility that they believe in your business too and could offer more than you may think.
- *Utility providers* - You may not have access to your building and therefore could negotiate lower direct debit terms on reduced usage
- *Computer software* - Are you leasing equipment or software? Contact them to see if they will defer terms
- *Walls* - are you still paying your wall builder? Will they listen to a proposition?

FINANCIAL PLANNING

We would recommend that you revisit all your business plans. We have prepared a rough idea on what may be the best, worst and (at time of writing) hopeful expectations that many walls are currently working to in terms of timescales and trading.

	Best	Hopeful/ Expected	Worst
Date walls reopen	July	September	December
Expected drop in revenue (compared to last year)	35% down	50% down	70% down
Expected months of restricted trading (COVID aftershock)	6 months	12 months	18 months

How does this impact your cashflow? Will you run out of money and if so when?

CONSIDER RECAPITALISING

Remember, any potential investor is going to want to know what they are getting into and will want to know your above business plan and forecasts, so it's another good reason to get on top of things. Some options for this are:

1. *Friends and family* - Be careful and clear here. Money and friendships are complicated. Have a clear message about how you both get in & out of any help
2. *Crowdfunding* - This can normally be offered without any exchange of equity in your business but a tiered approach to donors and offering something back will be more successful (Horseshoe Heroes as an example)
3. *Additional private investors* - A difficult decision that could involve reduced equity. Some companies exist to help with this sort of money raising. A small list is at Annex 2
4. *Industry contacts* - It is outside the ABC's remit and a conflict of interest to recommend any person or organisation. The ABC wishes to make it clear that the ABC as an organisation remains outside of any of these private negotiations but many wall owners and operators that you may already know are entrepreneurs within the climbing industry. They may bring more to the table for your business than just money. It would be prudent to have a 'non-disclosure agreement' (NDA) signed by both parties before in-depth discussions took place
5. *Government Loans* - We haven't gone into details here as they are new, unknown and apparently difficult to negotiate. A link for your information: <https://www.gov.uk/government/collections/financial-support-for-businesses-during-coronavirus-covid-19#support-for-small-and-medium-sized-businesses>
6. *Staff* - Staff preferential shares are even a possibility

CUSTOMER ENGAGEMENT

Can you keep customers engaged and gain any revenue whilst closed?

An interesting article and suggestions can be found here:-

<https://www.climbingbusinessjournal.com/keep-your-gym-valuable-during-covid-19/>

WE'LL GET THROUGH THIS TOGETHER

Keep yourself and your family safe, stay in communication with us and your business partners. It is also important to remember to be positive. The reasons you got involved in the business of operating a climbing wall are still there. The opportunities both financially and socially will return. These are exceptional times and although are not over yet, they are not permanent. The public will return to spending money when they feel safe to do so, and when they do, it will be on experiences, health, well-being and physical activities. The Olympics will run in 2021 together with the expected increased interest in climbing. Your business and the ABC will see indoor climbing resurgent when this current crisis has passed and together we will continue to work together to maintain a strong and safe climbing community.

ANY QUESTIONS?

Please contact David Watson: d.watson9@herts.ac.uk

ANNEX 1

Dear Landlord xxxxxxxx,

We have now had time to fully review our business position at our climbing centre and would like to suggest the following way forward to allow both our businesses to weather the current COVID-19 crisis.

1. Would it be possible to use our rent deposit of £xxxxxxx we have with you to cover the next 3 months' rent?
2. If option 1 is not agreeable could we take the option of the 3 month holiday. We would add those 3 months' rent to the remaining 12 months and pay in monthly installments to ease cash flow.

We really appreciate your patience in this challenging time. We hope you can see we are trying to structure a solution to allow us to work through this difficult trading period and get the business open in the first instance, then back on track into 2021.

I'm free to discuss further on xxxxxxxxxxxxxx

Kind regards

ANNEX 2

Funding Circle, Ratesetter and Zopa aren't the only peer-to-peer sites, but they're the biggest. Other sites include the likes of [ThinCats](#), [MarketFinance](#), [Lending Works*](#), [Landbay](#), [Assetz Capital](#), [CrowdProperty](#) and [Folk2Folk](#). Some of these are new and/or small, so you need to think carefully if you are comfortable with the level of risk associated before you decide to use any of them.