



BUSINESS & PERSONAL TAX SUPPORT

Why Business Planning is Imperative 2022/23



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Whilst we may be seeing the end of major COVID related disruption other factors are conspiring to challenge UK business during 2022-23.

As a consequence, this is not the time to relax and expect things will return to “normal”.

Challenges we can expect 2022/23

As well as any residual COVID-19 challenges, we will likely encounter:

- Rising inflation.
- Rising interest rates.
- Increasing cost of labour as skilled staff are increasingly harder to find.
- Increasing taxation.
- Supply line uncertainties.
- Cash-flow issues.

Without disruption created by government regulation (to control COVID infection) business will also need to be wary of letting sales dominate thinking. Offering extended credit terms to win market share may place unsustainable strain on cash resources.

Maintaining business fitness 2022/23

There are very few businesses that have emerged unscathed from the disruption created by the pandemic and the measures – lockdowns – that government have been required to introduce to protect limited NHS resources since the virus first impacted our lives in early 2020.

Many businesses have been required to abandon planning and management of their businesses in order to cope with the challenging effects of lockdowns and reduced demand for their products and services.

What to do?

Key areas of concern

Financially, there are a vast number of issues that will need your attention in the coming months. They will range from recreating sales, establishing a supply chain for goods and service you will need, controlling costs, and investing in services and equipment to drive the process forwards.

In particular, you will need to manage:

- Cash flow
- Servicing debt
- Maintain solvency
- Rebuild reserves

How best to monitor progress?

Progress has a variety of faces:

- Businesses that have fared badly will be happy to re-establish some semblance of financial security,
- Those that have marked time during COVID challenges will want to plan to expand, and
- Those that have achieved growth against all odds will want to consolidate their gains.

To monitor progress there are certain building blocks it would be good to have in place. For example:

- Effective accounting systems and responsive bookkeeping software.
- A comprehensive business plan that can be flexed as circumstances change.
- A set of key indicators.
- The ability to produce management reports that compare actual trading results with your budget. This will direct change to plug adverse variances before they become a big problem.

Last, but very definitely not least, you must set up a formal process to review the above.

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Key benefits of a review 2022/23

There is a well-known parable – the tortoise and the hare – where the hare gets so far ahead in a race with his slower challenger that he decides to take a nap. The nap becomes a deep sleep, and the remorseless tortoise slowly ambles past and wins the race.

This tale has relevance for UK businesses in 2022-23. We cannot afford to take our eye off the ball if we want to achieve our goals – win our race.

And the best way to stay conscious of developments, changes and challenges is to actively review progress on a regular basis.

How frequently should we review progress?

- **After your year end** – the least attractive option. This will likely leave you – like the hare – waking at your year end to find that you have lost out to your competitors.
- **Before your year end** – an improvement on the first option, but any trends that emerged during the pre-review period may escape much needed remedial action.
- **Quarterly** – a realistic option for businesses that start 2022-23 on a reasonably sound footing.
- **Monthly** – the best option for businesses that need to be ultra-cautious, perhaps building from an exhausted financial base. A monthly review will also benefit firms that have set an aggressive agenda and are keen to invest in the review process to capitalise on any opportunities that open up.

Reviews ensure you cover all bases. That you deal with challenges and take advantage of opportunities. Without reviews, you may, like the hare, suffer the inevitable consequences of unconsciousness...

We can help

There is no one-size-fits-all approach to staying ahead of business challenges.

The collection of financial data offers almost unlimited scope to present that data in formats that will be of value to your business. The real skill is not designing the required reports, it's identifying the original problems and results you want to achieve.

We help many of our business clients by being an active partner in creating goals and reviewing progress on a regular basis.

Call now so we can discuss your options. Pick up the phone; there is no charge for an initial discussion.

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