

Six essentials for start-ups

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Crisis creates opportunities and stimulates innovation. Survival is without doubt the most critical focus for start-ups during the COVID-19 pandemic, but it can also be a time for start-up founders to establish a solid and long-term strategic plan for scaling up a sustainable business in the long-run. Below are six essentials for start-ups to consider during these challenging times.

1 Understand the stimulus measures available to you

Early-stage pre-revenue start-ups

[Relief from Financial Distress](#)

[Cash Flow Boost – PAYG](#)

[Cash Flow Boost – Wage subsidies](#)

[Rental Relief](#)

Revenue-generating start-ups

[Relief from Financial Distress](#)

[Cash Flow Boost – PAYG](#)

[Cash Flow Boost – Wage Subsidies](#)

[JobKeeper Scheme](#)

[Rental Relief](#)

[Government Guaranteed Business Loan](#)

2 Create a 13-week cash flow

The 13-week cash flow forecast is a useful tool to locate areas in which to cut costs, develop new ways to handle challenges, understand the impact of continued costs, and more.

Very simply, map out all sources and uses of cash during your upcoming quarter. Large customers and suppliers will need to be analysed individually.

1. Forecast the largest source of cash – collection of accounts receivable
2. Forecast cash needs for the next 13 weeks
3. Stress test your cash flow forecast
4. Actions – what is the forecast saying?

This [webinar](#) discusses the process in more detail.

3 Apply for the R&D Tax Incentive

- Available if R&D activities are being undertaken (subject to eligibility criteria).
- Companies with an aggregated turnover of less than \$20 million could be eligible for a 43.5% tax offset. Depending on overall tax position, this could result in a cash refund from the ATO.
- Lodgement extension granted on 2019 R&D Applications. Companies with a June year-end may now lodge by 30 September 2020.
- Shift to preparing claims in real-time will allow lodgement as soon as year-end closes.

4 Apply for Government Grants

Entrepreneurs' Programme

The EP aims to help businesses increase productivity and competitiveness with funding and access to a national network of private sector advisers and facilitators.

The third stream of the program, Accelerating Commercialisation, is for start-ups with annual combined turnover of less than \$20m and encourages and assists businesses to commercialise novel products, processes and services. It offers matched funding up to \$1m.

The programme also offers funding and support for [incubators](#).

Research, Commercialisation and Start-Up Fund*

Offers grants between \$20k to \$2m matched funding.

Designed to support:

1. Collaboration between business and researchers/universities
2. Attract research infrastructure investment
3. Commercialise new products/services
4. Encourage the establishment and growth of start-ups

*SA Only

5 Explore funding options

Preparation considerations:

- Early preparation for recap phase as capital will be rationed
- Understand your funding options and the relative cost of each option
- Ensure you have a robust forecast that can test various scenarios
- A well documented COVID-19 response and recovery plan
- Data available for due diligence
- Agreement between all stakeholders on how to proceed and what range of structures and terms are acceptable

Specific start-up considerations:

- Is your business well positioned to combat the drop in consumer spending and asset prices post 2020?
- For SaaS businesses, will the historical ARR performance metrics be valid post COVID-19?
- For regulated businesses, do the instruments offered comply with the liquidity requirements?

6 Focus on the essentials/ plan for the future

Develop a [business checklist](#).

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How does my business benefit from a shift in market/consumer behaviours as a result of COVID-19?