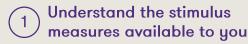


Six essentials for start-ups

18 May 2020

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.



Early-stage pre-revenue start-ups Relief from Financial Distress Cash Flow Boost - PAYG Cash Flow Boost - Wage subsidies Rental Relief

Revenue-generating startups
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.

- 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. Commercialist new products/services
- 4. Encourage the establishment and growth of start-ups *SA Only



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?



Focus on the essentials/ plan

Develop a business checklist.

For more

Samantha Ma Manager, Audit & Assurance +61 8 8372 6600

*01 0 03/2 0000

o. .

Sharyn Lazarus Senior Manager, National Specialist Tax +61 3 8663 6417 How does my business benefit from a shift in market/ consumer behaviours as a result of COVID-19?

Disclaimer – this document is of a general nature only. It is not intended to constitute professional advice and cannot be relied upon by any party as advice. Grant Thornton Australia accepts no responsibility for any loss or damage suffered by any party in relying on this document. You can view the GTAL Disclaimer Policy here http://gtassist.au.gt.local/wordpress/wp-content/uploads/2019/11/POLRCN076-Disclosures-and-Disclaimers-Policy-v6.5.pdf