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GOVERNMENT STRIVES TO GRANT BUSINESS WISHES



The Department of Enterprise, Trade and Employment has recently launched a number of initiatives to support Irish companies struggling with cash flow. In a year when on average 30 companies have been going out of business every week, any support has to be welcome.

In April Enterprise Ireland launched the Enterprise Stabilisation Fund to provide financial support to viable but vulnerable exporting companies or those companies planning to export as part of their growth strategy.

“As the global economic slowdown impacts on the availability of bank funding and the sterling decline increases pricing pressures, many businesses are feeling the tight squeeze on cash flows and as a result are finding themselves delaying projects, missing opportunities in the marketplace, laying off staff and downsizing their businesses” says Chris Ball, RBK Corporate Finance

The Enterprise Stabilisation Fund has set aside €100m to lend financial support to eligible businesses in 2009 and 2010, improving the much needed flow of credit. There are a number of criteria to be met in order for a Company to be eligible to apply for a loan under this scheme including that the company must be exporting or planning to do so.

While the funding isn't free, it comes at a competitively priced rate of 3% per annum to be repaid in a lump sum after 5 years. €25m, or half of this year's allocation, has already been approved for applicant companies so now is the time to consider does your Company fit into the above criteria?

Chris, says “Although Irish exports appear to be holding their own according to the latest report from the National Irish Bank's Economic Summary for summer 2009, we have to ensure this trend continues” says Chris. The report states that Ireland is virtually alone amongst non-oil exporting countries in increasing good exports, despite the fact that global trade has been in virtual freefall.

“We are in the process of advising a number of businesses who will fit the bill to benefit from this scheme and are ready to assist them with the application process which on average will take 10 weeks from start to finish” says Chris. “It's important to allow for this timeline in your cashflow budgets if seeking to secure support under this scheme either this year or next year” adds Chris.

Chris continues “Another initiative recently introduced is the Temporary Employment Subsidy Scheme which aims to help employers retain employees, keeping productive capacity intact and thereby supporting a faster return to sustainable growth. It also avoids the cost of statutory redundancy payments and future recruitment and retraining costs”.

The Scheme will involve a subsidy to firms to retain a person in employment, for a period which would be limited to 15 months or end-2010 whichever is earlier, with a subsidy of a maximum of €200 per week per employee with a tapered reduction towards the end of the period.

The criteria for this scheme are similar to that of the Enterprise Stabilisation Fund. In addition the Company must have already taken significant restructuring measures to improve their competitive position. Possible actions could include addressing work processes, changes in rostering, career breaks, annualised hours measures, temporary layoffs and short time working initiatives.

“Now more than ever before it’s critical to monitor if the vital signs of your business are going into decline and take corrective actions. Accurately projecting your cash flow is difficult but vital” warns Chris.

“Even if your company doesn’t meet the criteria for these particular supports, there are other supports and aids in place such as grant aid for R & D, Consultancy grants, Key Manager grants and training grants”. concludes Chris.

If you would like to discuss your Company’s need for financial support, or indeed would like assistance in applying under the above Government initiatives, please contact Chris Ball or Geraldine Tighe of RBK Corporate Finance on 01 6440100 or 0906 480600, email cball@rbk.ie

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About RBK

Russell Brennan Keane is one of Ireland’s leading business advisory and accountancy firms. With 50 years experience providing professional advisory services to a range of clients in the mid to large corporate market in Ireland, from offices in Dublin, Athlone and Roscommon.

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