Travel and Hospitality – COVID-19

The COVID-19 epidemic has had a significant impact on the travel and hospitality sector. In 2020 the outbreak has discouraged international travel, limited demand and contributed to industry revenue decline.

With overseas visitors making up a sizable portion of revenue within these sectors and travel restrictions in place across the world it means the industry is losing demand from a valuable market.

Coupled with this the spread of COVID-19 across the United Kingdom has had a direct impact on demand from domestic customers as travel is limited to essential purposes only.

Pre and post COVID-19

Travel and hospitality in the UK performed well in 2019 and another successful year was expected in 2020. Mergers & Acquisitions were continuing, and the market was reasonably bullish. As the UK continues its lockdown, all hospitality and leisure establishments remain closed and travel restrictions are in place. Businesses in these sectors currently operate with little or no turnover.

The future is far from certain for these industries as business and tourists adapt to the "new normal". Social distancing is likely to be in place for the foreseeable future which could lead to fewer patrons in bars and restaurants, this could also lead to licensing laws being tightened and enforced diligently as part social distancing measures. Tourism and travel will also be impacted by continued social distancing and is likely to see a decrease in demand due to travel restrictions put in place both nationally and globally, which will have a significant knock on effect across the sector. The emotional response of consumers as we come out of lock down, the effect on consumers' disposable income and a potentially contracted supply chain if businesses cannot weather the storm will also impact these sectors.

There will also be an impact felt on corporate hospitality with many businesses adapting to holding meetings and events virtually as a legacy of COVID-19.

Currently it is hard to predict what happens next as these are unprecedented times. The current guidance being issued is that there will be a slow build up of trade as restrictions and measures put in place to reduce the spread of COVID-19 are lifted.

Actions to take now

There are a number of actions you can take to mitigate the impact of COVID-19 on your business. Here at Mazars, we have been advising a number of clients in the Travel, Tourism and Hospitality sectors on, not just the immediate actions, but also looking at how the business looks post COVID-19.

Further information from the ICAEW Travel, Tourism and Hospitality Community can also be found here. Information from the ICAEW Coronavirus hub can be found here.

The Mazars COVID-19 hub can be found here, with references to more specific details below.

Below we have listed a number of suggested actions to take

Apply for the Coronavirus Job Retention scheme (CJRS)

To alleviate pressure on your immediate cash flow. The portal for applications is now live so make sure to submit your claim as soon as you can to get access to the funds. For more information on CJRS please see our guidance and FAQ here. We are hosting workshops to guide businesses through the CJRS application process, information on this can be found here.

Ensure you have funding in place

Assess what funding is available to you via the Coronavirus Business Interruption Loan Scheme (CBILS) or other external funding and agree your course of action. Our guidance on CBILS can be found here. For information on what the banks require as part of the application please see our article here.

Consider other government support available

Such as business rate reliefs, HMRC Time to Pay arrangements and deferred VAT. For all information the government support available please see our guidance here.

Complete projections for at least next 24 months

To fully demonstrate the impact on your business of repaying deferred VAT, corporation tax and the annual repayments of any new bank lending. We can help with this. Please see further details on our website here.

Ensure you are adequately planned for managing the ongoing pandemic

We have summarised here some key considerations, and how we can help.

Apply for grants available

For any business in the retail, hospitality and leisure sector there will be no business rates payable for the tax year 2020/21. Businesses may be eligible for a Retail, Hospitality and Leisure Grant (RHLG), further information can be found here.

Contact us

Mazars' short term Financial Outsourcing Team and our Business Continuity and Resilience Professionals can help you during the COVID-19 pandemic. Please get in touch with our contacts below or alternatively send an email to contact@mazars.co.uk for more information:

Margaret Laidlaw, Head of Privately Owned Business

T: +44 (0)7500 998 806

E: margaret.laidlaw@mazars.co.uk

Pauline Davison, Senior Manager – Accounting & Outsourcing

T: +44 (0)7769 707 494

E: pauline.davison@mazars.co.uk

www.mazars.co.uk

Mazars LLP is the UK firm of Mazars, an international advisory and accountancy organisation, and is a limited liability partnership registered in England with registered number OC308299. A list of partners' names is available for inspection at the firm's registered office, Tower Bridge House, St Katharine's Way, London E1W 1DD.

Registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales. Details about our audit registration can be viewed at www.auditregister.org.uk under reference number C001139861.

© Mazars 2020-05 338348

MAZARS