



Article by Mazars in the Bangkok Post

Mazars advises entrepreneurs to perform a business check up during COVID-19

Mazars advises business owners to perform a business check-up before making any restructuring plans to survive through the COVID-19 crisis. Mazars is ready to provide legal, tax, accounting, audit, and finance advisory services to businesses affected by COVID-19 and can perform a business check-up before giving advice on how a company should adjust its business plans and decide to continue with, suspend, or shut down its business.

Mr.Chatchawat Kriengsuntikul, one of the partners of Mazars in Thailand, noted that COVID-19, which began spreading in early 2020, has forced many small and medium-sized enterprises to close. Meanwhile, other businesses are struggling and are unsure whether they should continue trying to operate, suspend the business, or shut it down completely. Due to Mazars' experience providing advice to businesses, it can analyse all relevant factors to make a sound assessment and find the proper solution.

Mazars views cashflow and liquidity as the most important factors that allow businesses to continue operating. Some businesses which have been impacted directly by the pandemic are suffering losses or revenue shrinkage, leading to insufficient cashflow. In addition, several government measures that have been taken to control the spread of COVID-19 have affected businesses in various ways. Some have had to stop doing business entirely, some can run their businesses only partially, while others have been able to continue operating as usual, adjusting some processes to comply with the restrictive regulations. This has resulted in cashflow and liquidity shortages due to a lack of income, decreasing revenue, and increasing costs of operations. Many businesses need to find additional working capital in order to continue, either by injecting more capital or by finding loans from various sources. Furthermore, in order to maintain liquidity, they have had to cut expenses by laying off staff, negotiating with suppliers and creditors, as well as asking for reductions in rental fees, lower prices for products and services, debt suspension, lower interest rates, and a slowdown in the repayment of principal and interest. Some may have to stop repaying debts, negotiate the various terms, and enter into rehabilitation or take legal action to enter into bankruptcy.

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In fact, negotiating with creditors for debt suspension without going through the rehabilitation process in court may be difficult, especially for small and medium-sized enterprises (SMEs) that do not have much bargaining power. Asking the court to issue an order that a business enter rehabilitation is an option that SMEs should consider, as this can be done if the amount of debt is THB 2 million or more for a natural person and THB 3 million or more for legal entities. The court will consider whether it should allow the debtors to go through the business rehabilitation process or not by seeking the approval of those creditors to which at least two-thirds of the total debt is owed. When the court considers the debtor's request for business rehabilitation, an automatic-stay on debt repayments will be effective. This allows the debtor to keep incoming cashflows for temporary expenses in the business to increase liquidity before making a rehabilitation plan to be submitted to the court for consideration and approval.

Whether entrepreneurs choose to enter into rehabilitation in court or to negotiate with creditors and business partners, they should also consider changing their work processes at the same time, such as allowing employees to work from home, utilizing IT resources, ensuring IT security, and so on. When providing business restructuring advice to customers, Mazars will analyse the company's cashflow and the impact that complying with the government's measures for controlling COVID-19 may have.

Businesses that can continue operating should consider how they should adjust business plans, perform financial planning, as well as manage cashflow, expenses, and existing debt. If they need to borrow more money, they should consider whether they will be able to repay the principal and interest, or should they find other sources of funding, such as from existing shareholders. If they are not able to operate at all due to legal restrictions, they must consider expenses that cannot be cut and the amount of cash remaining, and for how long they can continue operating. If they believe that they cannot cover expenses until the business can return to normal, then they should consider closing down the business and follow the legal procedures for this.

Mazars provides fully integrated services ranging from providing a business due diligence to consultation and implementation, regardless of whether entrepreneurs decide to continue doing business, suspend business temporarily, or cease doing business altogether. Mazars can assist with reviewing contracts, joining negotiations with business partners and creditors, making changes in employment conditions, dismissing employees, dealing with licensing issues, entering into rehabilitation, making business rehabilitation plans, as well as dissolving and liquidating a business. The advantage of using Mazars is that it is a one-stop service company. In addition, as previously noted, Mazars offers accounting, audit, financial advisory, and tax consulting services as well.

Mr. Chatchawat also noted that Mazars is a unique consulting firm in the Thai market, stating, "We can serve customers of all sizes, from small to medium-sized enterprises to global business empires, as well as start-ups and public organizations. We can also provide consulting services at every step of the business process. Mazars in Thailand has a team of more than 280 specialists. Our business strengths lie in the diversity of professionals from different countries and of various nationalities, ensuring that we are a consulting firm that can give advice to both domestic and international clients."

Reference: [the Bangkok Post](#)



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