

## Planning for 2022

We are now two years into the COVID-19 pandemic and the virus is showing a remarkable ability to adapt. In its latest form, the Omicron variant, it is proving to be more transmissible and successful at seeking out new hosts. There are signs that a combination of vaccines and/or anti-viral drugs will eventually arrest the spread of this infection, but we will still face disruption in economic activity this year.

The Bank of England has confirmed that inflation is running ahead of targets and year on year to the end of November 2021, it was 5.1%. Prices are likely to be volatile until inflation is reduced to more manageable levels and supply issues are resolved. It is also expected that interest rates will increase this year. With many trades still starved of appropriate labour, such as the NHS, this could create conditions for wage inflation as employers vie for suitable applicants.

These are just a few of the challenges facing business owners in 2022.

### **What to do?**

We have listed below some ideas which might ease your progress through any continuing COVID-19 related disruption during 2022.

Planning and being prepared is the sensible option. At a minimum you should:

- Prepare a budget for 2022 and monitor your actual results against these forecasts.

- Be prepared to flex your budgets if your situation changes.
- Each month extend your budget projections, so you are always looking at trading expectation twelve months ahead.
- Take remedial action sooner rather than later if the numbers highlight possible challenges. For example, if cash flow dips you may need funding to bridge the gap.
- If you have resisted the use of cloud accounting software to this point in time, now may be the time to invest. Having real time data available to you at the click of a mouse is a must-have resource in these difficult times. The software would also accommodate your budgets and provide reports that compare actual results with forecasts.



And finally, discuss your results with your accountant. They can help you choose your best options to cope with any inconveniences that may come your way. If we have learnt anything from the past two years of disruption, it's that it's prudent to expect the unexpected, plan for the worst and hope for the best.

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