



Guide to Small Business Restructuring in 2024

Olvera First Ebook

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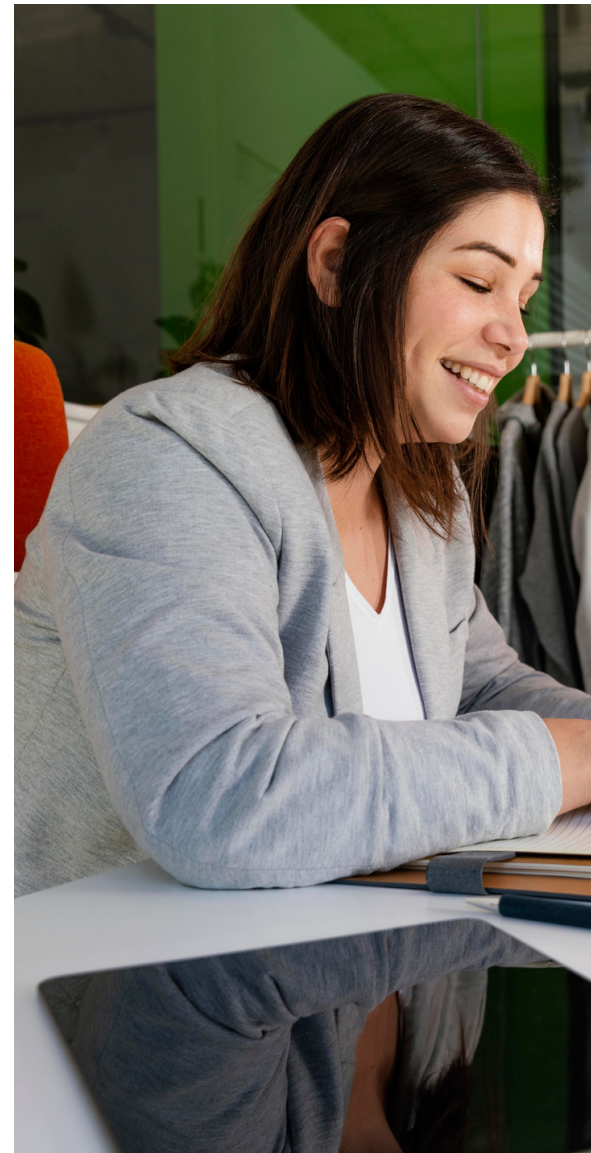
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Introduction

Small business restructuring is a process that allows financially distressed small businesses to restructure their debts and operations in order to become viable again. The process is overseen by a restructuring practitioner, who is a registered liquidator with experience in helping small businesses.

Who is eligible for small business restructuring?

To be eligible for small business restructuring, a company must meet the following criteria:

- Have total liabilities of less than \$1 million.
- Be up to date on tax lodgements.
- Be up to date on employee entitlements.
- Not have previously used either the small business restructuring process nor the simplified liquidation process within the past 7 years.

How does small business restructuring work?

The small business restructuring process is divided into two phases:

Phase 1:

The appointment of a restructuring practitioner.

In Phase 1, the directors of the company appoint a restructuring practitioner. The restructuring practitioner then assesses the company's financial situation and develops a restructuring plan. The restructuring plan must be approved by the company's creditors.

Phase 2:

The development and implementation of a restructuring plan.

In Phase 2, the restructuring plan is implemented. This may involve a variety of changes, such as debt restructuring, asset sales, or changes to the company's operations.

Restructuring Process Timeline

Proposal Period 20 business day

- RP appointment
- Continue trading
- Negotiation with key creditors
- Develop (and issue) Restructuring Plan

Acceptance Period 15 business day

- Verification of creditor claims
- Voting by creditors
- Period runs from date of issuing of Restructuring Plan
- Plan Period

Plan Period Maximum 3 years

- Appointment of Restructuring Plan Practitioner
- Implementation of Restructuring Plan (if accepted by creditors)
- Effectuation of Restructuring Plan
- Termination of restructuring practitioner appointment by director

Benefits of small business restructuring

Small business restructuring can provide a number of benefits for businesses that are facing financial difficulties. These benefits include:



The ability to stay in business.



The ability to restructure debts and reduce financial stress.



The ability to improve the company's financial performance.



The ability to protect the interests of employees and creditors.

How to find a restructuring practitioner

If you are considering small business restructuring, you can find a restructuring practitioner by contacting the Australian Securities and Investments Commission (ASIC). ASIC maintains a register of registered liquidators, who can act as restructuring practitioners.



Eligibility Criteria

To be eligible for small business restructuring, a company must meet the following criteria:

Total Liabilities:

The company's total liabilities must be less than \$1 million.

Employee Entitlements:

The company must be up to date on all employee entitlements.

Tax Lodgements:

The company must be up to date on all tax lodgements.

Prior Use of the Process:

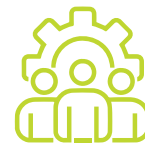
The company must not have previously used either the small business restructuring process nor the simplified liquidation process within the past 7 years.

Other Criteria

In addition to the eligibility criteria listed above, there are a few other factors that may affect a company's eligibility for small business restructuring. These factors include:



The company's business model.



The company's management team.



The company's financial performance.



The company's assets.

The Implementation of the Restructuring Plan

Once the restructuring plan has been approved by the creditors, it is implemented by the restructuring practitioner. The implementation of the restructuring plan may involve a variety of changes, such as debt restructuring, asset sales, or changes to the company's operations.

The Benefits of Small Business Restructuring

Small business restructuring can provide a number of benefits for businesses that are facing financial difficulties. These benefits include:



The ability to stay in business.



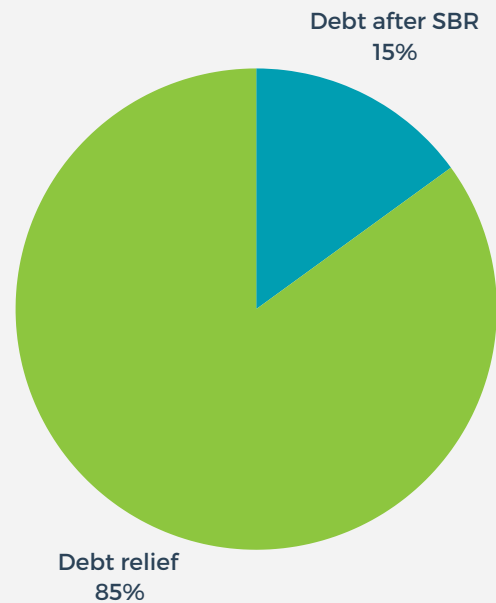
The ability to restructure debts and reduce financial stress.



The ability to improve the company's financial performance.



The ability to protect the interests of employees and creditors.





Conclusion

Small business restructuring is a complex process, but it can be a valuable tool for businesses that are facing financial difficulties. If you are considering small business restructuring, you should contact a restructuring practitioner to discuss your options.

Disclaimer

This document is for informational purposes only and does not constitute legal or financial advice. You should consult with a lawyer and / or accountant to discuss your specific situation.

Appendix

Glossary of Terms

- **Restructuring Practitioner:** A registered liquidator who is appointed to oversee the small business restructuring process.
- **Restructuring Plan:** A document that outlines the proposed changes to the company's debts, operations, and management.
- **Creditors:** The people or entities that are owed money by the company.
- **Debt Restructuring:** The process of negotiating with creditors to reduce or restructure the company's debts.
- **Asset Sale:** The sale of assets by the company to raise money to pay its debts.
- **Changes to Operations:** Changes to the company's operations, such as reducing costs or expanding into new markets.
- **Employee Entitlements:** The wages, superannuation, and other benefits that are owed to employees.
- **ASIC:** The Australian Securities and Investments Commission, which is the government agency that regulates companies in Australia.



