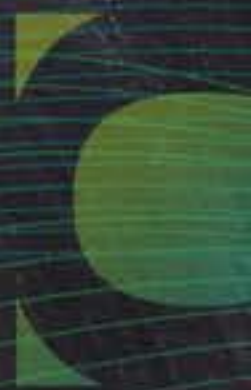


NAVIGATING SMALL BUSINESS RESTRUCTURING

2024

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HOUSE KEEPING

Ask questions (questions answered at the end)

Get involved: Polls & QUIZ's

Zoom -

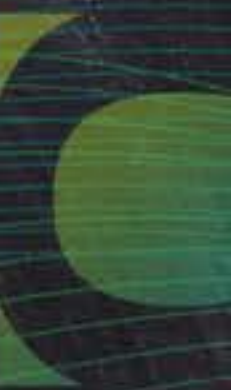
Use a desktop if you can

Sign in with your registered name

Duration: 45 mins + Q&A

Resources available -

Resources Hub / Toolkit



MIRZAN MANSOOR

Introduction

Mirzan has in excess of 14 years of experience across restructuring and turnaround, corporate finance, mergers and acquisitions and corporate banking in Australia and in Singapore. Mirzan is committed to supporting family business with their transformational change, assist owner/founders and their advisors to preserve value, reset and grow, and most importantly, preserve legacies.

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[See Mirzan's Profile](#)



NATHAN MATTOCK

MAR
QUE

Introduction

Nathan is a Partner at Marque Lawyers, with a specialisation in Insolvency, IP, Franchising and Commercial Litigation. He is a strategic partner to Olvera, leveraging his extensive expertise in the small business restructuring framework. Nathan's key knowledge and approach make him a pivotal asset in navigating the complexities of legal and business landscapes.



[See Nathan's Profile](#)



JIMMY

Introduction

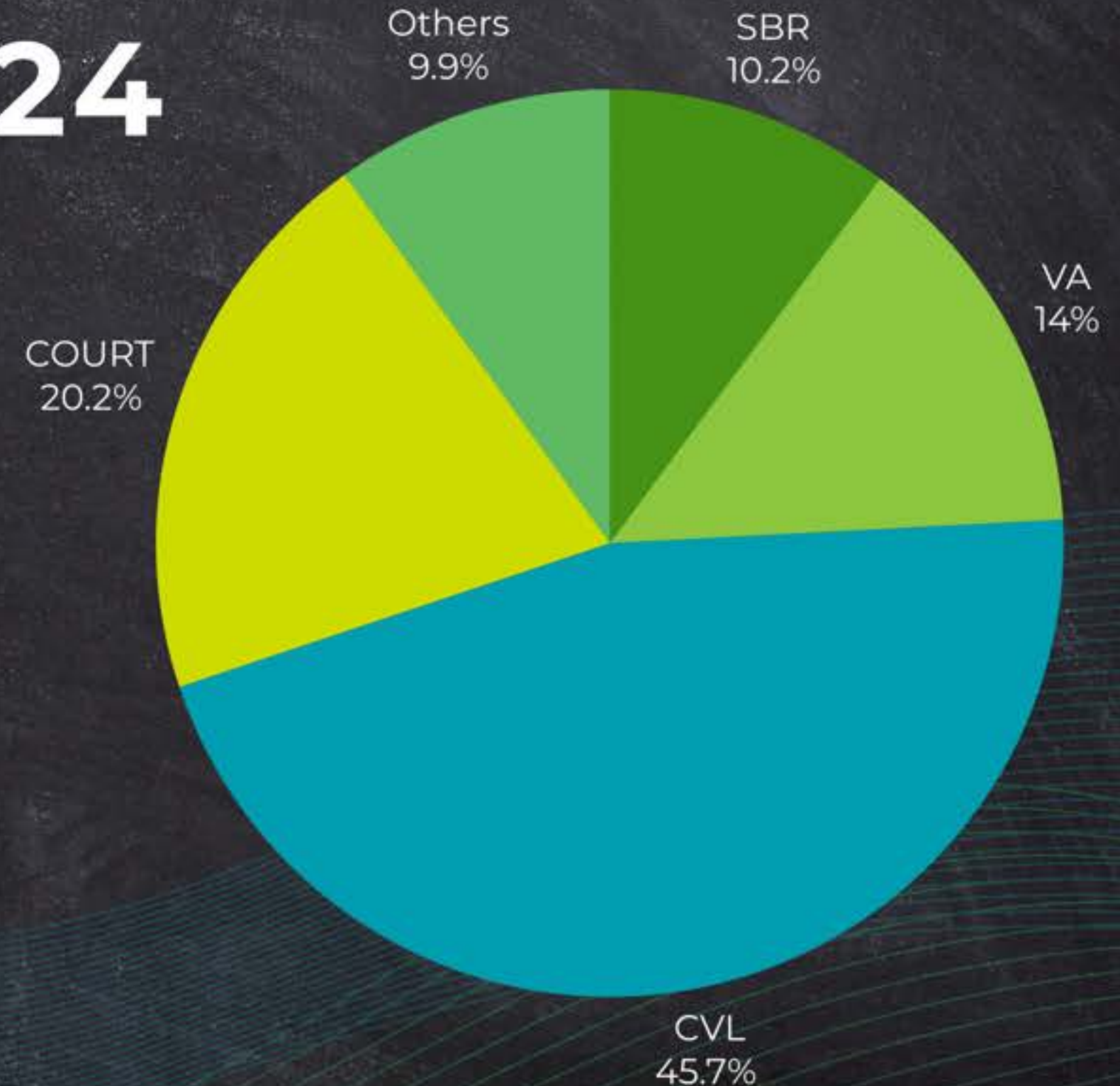
James is a key partner, working in close collaboration with Olvera. As a small business expert and the founder of Actium Partners, he brings a blend of practical insight and strategic acumen, offering solutions that have saved his clients thousands. James' expertise and dedication are instrumental in driving success and value for those we mutually serve.

[See James's Profile](#)



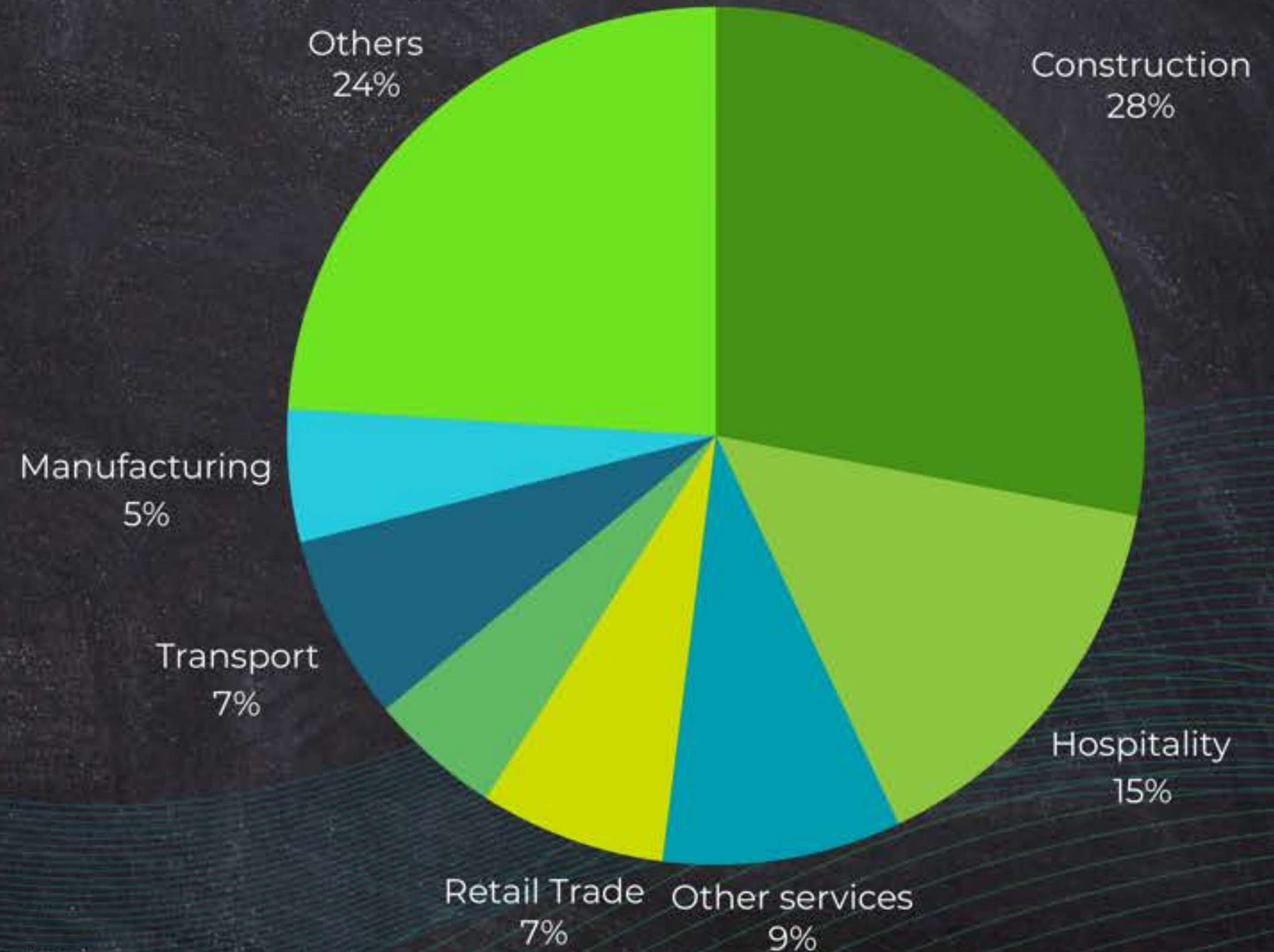
INSOLVENCY NUMBERS YTD FY24

- Since the start of FY24, 6,659 companies went through “external administration”
- 46% of these companies underwent creditors voluntary liquidation.
- Only 10% of these companies went through small business restructuring and 14% went through voluntary administration.
- 20% were wound up compulsory through court.
- There is still a huge opportunity for the market to embrace restructuring in general.



BY INDUSTRY

- 28% of the companies in FY24 that went through “external administration” were in construction.
- 15% of the companies that went through “external administration” were in accommodation and food services.
- 9% were in “other services”
- 7% were in “retail trade”
- 5% were in “professional services”
- Our case studies highlight how we have helped clients in these industries.



SBR - WHAT IS IT?

- **Reset** - SBR allows companies to reset their financial position.
- **Compromise** - The process involves compromising creditor claims.
- **Control** - The directors remain in control of the company during SBR.
- **Timely** - SBR is a timely solution for businesses in financial distress.
- **Cost-effective** - It is a cost-effective option for companies compared to insolvency.
- **Profitability** - SBR maximizes the chances of the company trading profitably in the future.
- **Limited** - Businesses and directors can only undertake SBR (or simplified liquidation) once every 7 years.

ELIGIBILITY FOR SBR

Eligibility:

- Operated by a company
- Owes less than \$1M to creditors
- No previous SBR/simplified liquidation in past 7 years

Steps:

- Pay outstanding employee entitlements
- Lodge outstanding returns with ATO

Benefits:

- Maximizes chances of future profitability
- Timely and cost-effective
- Directors remain in control

Limitations:

- Only available once every 7 years



Note: SBR is a viable option for eligible businesses to regain financial stability and avoid traditional insolvency processes.

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SBR PROCESS

Proposal Period

20 Business Days



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

Acceptance Period

15 Business Days



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

Plan Period

Maximum 3 years



- Appoint a Restructuring Plan Practitioner (RP).
- Implement The Plan if it's accepted by creditors.
- Effectuate The Plan.
- Terminate the RP's appointment by the director.

SBR PROS AND CONS



- Directors remain in control of the business
- Cheaper than voluntary administration
- Avoids liquidation and allows the business to continue operating
- Employees maintain their jobs
- Limited level of investigation and reporting

-
- Outcome not guaranteed
 - Potential impact on supplier and customer reputation
 - Does not provide solutions for personal guarantees



OPTIONS AVAILABLE

	Informal Payment Arrangement	Small Business Restructuring	Voluntary Administration	Liquidation
Duration	6 months +	35 business days	25 business days	Min. 3 months
Estimated Fees Before Plan (Excluding SBR Distribution)	Variable	\$7,000 - \$20,000	Min. \$60,000+ (+DOCA; + Cr Trust)	\$20,000 +
Directors Retain Control?	Yes	Yes	No	No
Employees Retain Jobs?	Yes	Yes	Yes/No	No
Business continues to trade?	Yes	Yes	Yes/No	Limited
Creditors Meetings Required?	No	No	Yes	Yes/No
Investigation and reporting?	No	High level investigation/reporting	Yes	Yes Offence Reporting to ASIC

OUR EXPERIENCE

- Conducting SBRs since 11/21
- Industries: construction, labor hire, education, healthcare, hospitality, sales/marketing.
- Tailored plans for each client
- Industry-specific expertise for guidance.

SBRs

proposed
plans to
creditors

100%

plans
approved by
creditors
this FY

Avg. debt
compromise:

**12.73
cent**

Claims:

**\$34K-
\$730K**

SBR CASE STUDY

MELBOURNE RESTAURANT

- Restaurant with \$670K creditor claims engaged Olvera First for tailored SBR plan
- Funds were from equity redraw against Director's property
- Negotiated 10 cents in the dollar dividend with creditors
- Director contribution and debt compromise enabled successful effectuation of plan
- Restaurant continued trading free of legacy debt, with Olvera First's tailored approach to SBR enabling long-term success



SBR CASE STUDY

MASONARY CONSTRUCTION COMPANY

- Significantly affected by mandatory Covid lockdowns
- Recently affected by floods, raw material price increases and shortage of labour
- ATO debts were in excess of \$645K
- Restructuring plan funded from future profits was accepted by creditors, with the dividend estimated to be 13cents over 16 months





SBR CASE STUDY

PROFESSIONAL SERVICES AND CONSULTING COMPANY

- Significantly affected by mandatory Covid lockdowns as clients were mainly in construction
- Former employees were not productive and there was insufficient work
- ATO debts were in excess of \$728K
- Restructuring plan is to be funded from sale of property in June 2024. In the meantime, a payment of \$2,000 per month to be paid.
- Dividend estimated to be 15cents.

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SBR CASE STUDY

MAD MEX FRANCHISEE

- Restaurant was located in a shopping centre, affected by slowdown in retail and hospitality
- Shareholder dispute, resulting in a buyout and strain on cash
- Head Franchisor supported the restructure, keeping franchisee agreement on foot
- Restructuring plan is to be funded from director contributions.
- Total debt restructured is in excess of \$320K, dividend paid is 18cents over 9 months.

WHAT IS AN IDEAL CLIENT AND THE NEXT STEPS?

The Ideal Client:

- If your client is in one of the previously discussed industries, chances are they are facing some challenges.
- Repayment plan with suppliers or the ATO. Does a repayment plan change when the debt is due?
- Recent lack of communication from the client

Next Steps:

- Contact us and provide us financial information for the last 3 years.

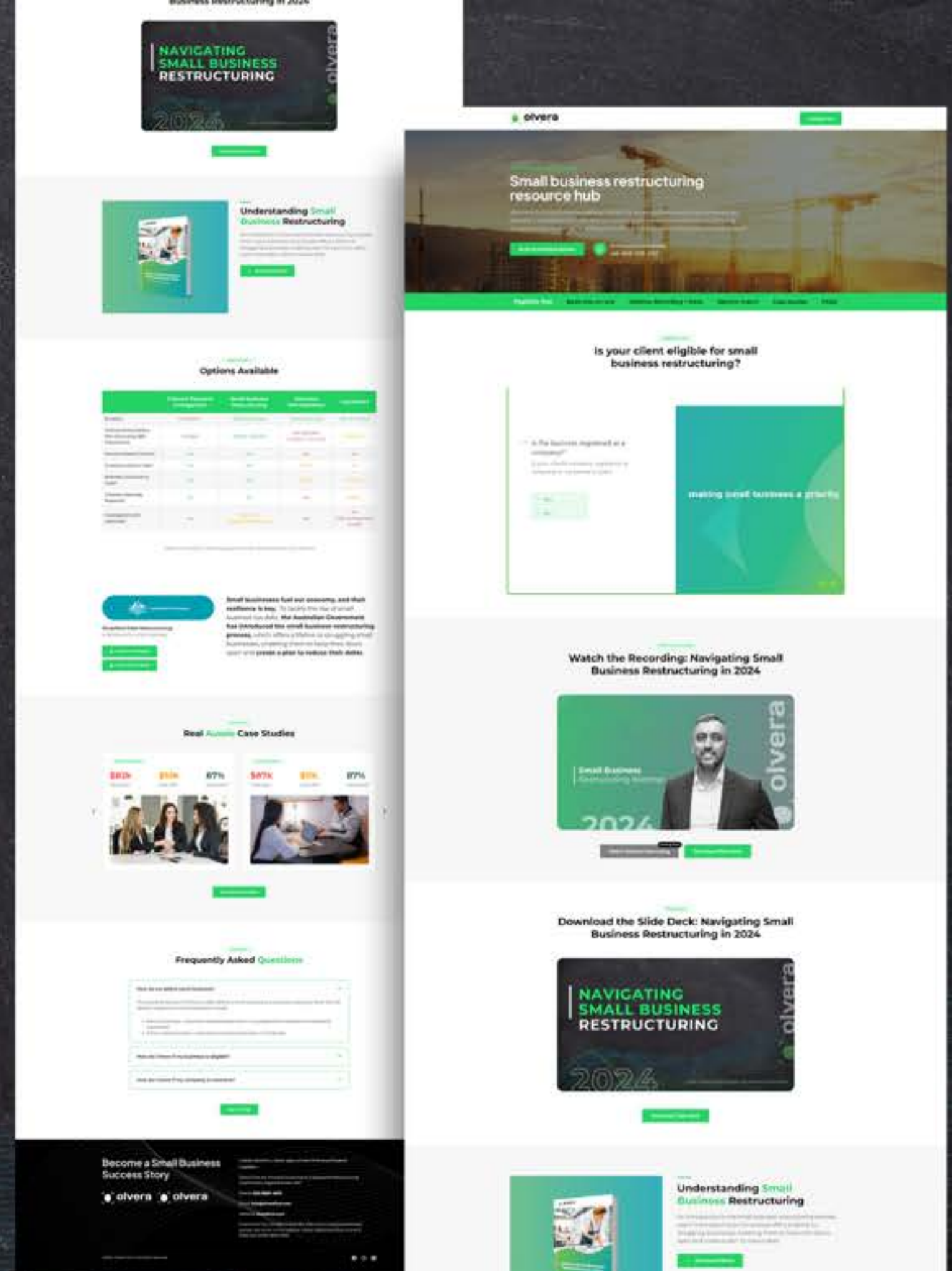


YOUR SBR RESOURCES HUB

What's available?

- Client eligibility tool
- SBR Guides
- Book one-on-one sessions
- Webinar recording + deck
- Options Matrix
- Our Recent Case Studies
- FAQ's

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Olvera

MEET OUR EXPERT



Mirzan Mansoor
PRINCIPAL

Mirzan has 13 years of experience across restructuring, corporate finance, turnaround and mergers & acquisitions.

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Diana Talevski
DIRECTOR

Diana is an experienced Registered Trustee in Bankruptcy specializing in restructuring and insolvency.

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“

Olvera believes that a **good project team** is made up of **specialists with key focus** on the core issues.

”

We bring independent specialists to a project to ensure that we have the experience and knowledge necessary to provide our clients and partners with the most practical and executable recommendations.

Our people deliver practical and effective outcomes based on their personal market knowledge and transactional experience.





QUESTION



olivera

JOIN OUR **SAFE** **HARBOUR WEBINAR** **IN JUNE**

Coming soon !



olvera

