

SMALL BUSINESS RESTRUCTURING PLAN CHECKLIST

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financial problems

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TURNAROUND + ADVISORY

Rapsey Griffiths are experienced small business turnaround and restructuring practitioners. We can guide your clients through developing and administering a small business restructuring plan.



From 1 January 2021, after the current government protections end, there is a new option available to small businesses experiencing financial difficulty - a Small Business Restructuring Plan.

The process

- The directors of a distressed company appoint a small business restructuring practitioner. The practitioner confirms the company is eligible to access the restructuring process.
- A notice of process commencement is provided to creditors by a technology neutral means, which outlines how information relevant to the process can be accessed.
- A restructuring plan is developed by the company directors with the support of the practitioner. The practitioner certifies the plan based on their assessment of the company's financial affairs.
- The plan, accompanying information and the practitioner's certification of the plan are made available to creditors
- Creditors vote on the plan and verify the amount of their debt through an online portal or other tech neutral means. Approval requires a majority of unrelated creditors by value who respond by the deadline.

✓ If a majority of creditors by value vote for the reorganisation plan: the plan commences and the practitioner is appointed to oversee the plan

✗ If a majority of creditors by value vote against the reorganisation plan: the process ends and the directors may choose to enter another insolvency process.

CHECKLIST: Is my client eligible?

- Incorporated businesses
- Liabilities of less than \$1 million
- Must pay any employee entitlements which are due and payable before a plan can be put to creditors

CHECKLIST: Preparing for a formal debt restructuring process for small business

- Have a brief story for creditors to support the SBRP (history of the business pre-COVID, COVID impact, what changes have been made to ensure that the business is or will be viable moving forward).
- Ensure all outstanding tax lodgements have been submitted to the ATO, even if the company has not or is unable to pay them.
- Ensure that financial information is up to date and reconciled (both pre and post COVID).
- Ensure that reliable financial forecasts are prepared, including profit and loss, cash flow and balance sheet forecasts.
- Have a business plan for the future and a draft restructuring plan which covers how it is going to work. (For example: will new debt or equity be introduced to the company; will the SBRP be funded from future trading profits or the sale of assets).
- Business plan for the future and draft proposal (How is the plan going to work – new debt or equity into the company, trading profits, sale of assets etc.)
- Prepare a stakeholder management plan – this involves developing a stakeholder matrix and communication strategy (including the use of an appropriate communication channel) to gain support for the restructuring plan.

Get in touch to discuss how this could turn your client's business around.

rapseygriffiths.com.au | 1300 727 739 | enquiries@rgia.com.au