

# Client eBrief



## Small Business: Resilience in Tough Times

### The Bookkeeper's Crucial Role

As small businesses experience cost escalations while running a business, your bookkeeper plays a crucial role in proactively preparing and equipping you with essential financial strategies to navigate cost increases effectively.

### Anticipating Cost Increases

According to the Australia Small Business and Family Enterprise Ombudsman (ASBFEO), a significant proportion of small businesses struggle with financial sustainability:

- 43% of small businesses failed to turn a profit in the previous tax year.
- Three-quarters of self-employed individuals earn less than the average total weekly earnings.

These statistics underscore the urgent need for strategic financial planning. Small businesses can survive and thrive by implementing strategies despite impending cost escalations.

### Enhancing Value Through End-of-Year Analysis

Beyond basic financial reporting, your bookkeeper provides actionable insights into your financial data through comprehensive end-of-year analysis. This includes identifying trends, patterns, and areas for improvement that can drive growth, cost savings, and risk management.

### Budgeting and Forecasting Support

Your bookkeeper assists in setting realistic financial goals and creating forecasts based on historical data. They regularly review and update these forecasts to track progress and make necessary adjustments, ensuring your business remains successful.

These dates are from the ATO website and do not account for possible extensions.

You remain responsible for ensuring that the necessary information is with us in time.

See [ATO Due dates by month](#) to check monthly lodgment and payment dates.

#### **BAS/IAS Monthly Lodgements**

Final dates for lodgements and payments:

July Activity Statement

21 August 2024

August Activity Statement

21 September 2024

#### **BAS Quarterly Lodgements**

Final dates for lodgements and payments:

##### **4th Quarter 2024 Financial Year:**

##### **June Quarter 2024 (incl. PAYGI)**

28 July, 2024

##### **1st Quarter 2025 Financial Year:**

##### **September Quarter 2024 (incl. PAYGI)**

28 October, 2024

When a due date falls on a Saturday, Sunday or Public Holiday\*, you can lodge or pay on the next business day.

\*A day that is a public holiday for the whole of any state or territory in Australia.

Due date for super guarantee contributions:

##### **4th Quarter 2024 Financial Year:**

April to June 2024 – contributions must be **in the fund** by 28 July, 2024

##### **1st Quarter 2025 Financial Year:**

July to September 2024 – contributions must be **in the fund** by 28 October, 2024

Late payments of superannuation are **not** tax deductible. If your business has overdue superannuation guarantee payments and you are unsure of how to proceed, please contact us to discuss.

## Tax Compliance Strategies

Utilising their expertise in business compliance and regulations, your bookkeeper helps develop effective tax compliance strategies. They keep you informed about changes in tax laws, deadlines, and lodgement requirements to ensure your business stays compliant and minimises tax liabilities.

## Analysing Payroll Obligations

Your bookkeeper assesses the impact of pending increases in national minimum wages, award rates, and superannuation contributions on your total employment costs. They provide insights into employee leave entitlements and the financial implications of pay increases to help you manage payroll effectively.

## Leveraging Analytical Reports

Using analytical reports, your bookkeeper empowers you with data-driven insights. They compare current performance to previous periods or budgets, identifying variances and trends that inform future decision-making and enhance business strategy.

## Delivering Finalised Accounts Insights

Through finalised accounts, your bookkeeper offers clear indications of performance movements in sales, expenses, profits, and wages. This information enables you to make informed strategic decisions that drive business growth and profitability.

## Understanding the Breakeven Point

Your bookkeeper can explain the significance of the breakeven point, which is crucial for determining the sales or revenue needed to cover all costs and expenses. At that point, total contribution is equal to fixed cost, and neither a profit nor loss is made. This understanding guides decisions around pricing, costs, and revenue targets to optimise business operations.

## When There's a Problem

If a significant drop in profit is identified that could lead to financial challenges, your bookkeeper acts swiftly. They promptly inform you and recommend consulting with a financial expert, such as an insolvency practitioner, to diagnose issues and develop recovery plans. This proactive approach ensures your business stays resilient and adaptable in tough times.

By leveraging the expertise and guidance of your bookkeeper, you can effectively navigate increased business costs and secure long-term financial success for your business.



# The Small Business Restructuring (SBR) Process

The Small Business Restructuring (SBR) Process provides financially distressed small businesses with a simplified and cost-effective mechanism for reorganising and recovering from financial difficulties.

Simplified debt restructuring has been introduced to remedy some of the perceived problems with voluntary administration, particularly for small businesses (SMEs). A small business restructuring practitioner oversees the debt restructuring, but the company's directors remain in control of the business.

## Here's an overview of the SBR Process:

- 1. Eligibility Criteria:** Small businesses seeking to utilise the SBR Process must meet specific eligibility criteria outlined in the legislation. Generally, businesses must be classified as small business entities with liabilities of less than \$1 million.
- 2. Appointment of a Small Business Restructuring Practitioner (SBRP):** Once eligible, a small business can appoint an SBRP. These practitioners are registered professionals with expertise in restructuring and insolvency matters. They guide the business through the restructuring process and ensure compliance with legal requirements.
- 3. Development of a Restructuring Plan:** The appointed SBRP collaborates with the business owner to develop a restructuring plan tailored to the business's unique circumstances. This plan outlines proposed changes to operations, finances, and structure aimed at improving the business's financial viability.
- 4. The Director-driven process framework** gives directors more control over negotiating with creditors. This approach simplifies restructuring efforts and allows for more efficient resolution of financial challenges by empowering directors to take the lead in reaching agreements with creditors.
- 5. Creditor Involvement:** During the restructuring process, creditors are notified of the business's intention to restructure and have the opportunity to vote on the proposed restructuring plan. The plan must be approved by a majority of creditors in both number and value.
- 6. Implementation of the Plan:** Upon approval, the restructuring plan is implemented. This may involve renegotiating contracts, downsizing operations, selling assets, or other measures aimed at improving the business's financial position.
- 7. Monitoring and Compliance:** The SBRP oversees the implementation of the restructuring plan and ensures compliance with the agreed-upon terms. They provide ongoing support and guidance to the business owner throughout the process.
- 8. Completion and Discharge:** Once the restructuring plan is successfully implemented and all obligations are fulfilled, the SBRP issues a certificate of discharge, formally concluding the SBR Process. The business can then continue to operate with renewed financial stability.

By streamlining the restructuring process and facilitating early intervention, the SBR Process seeks to preserve jobs, safeguard livelihoods, and contribute to the resilience of the small business sector.

Businesses might turn to Small Business Restructuring (SBR) when facing tough financial times, such as big debts or falling sales. This process helps them get back on track by organising their debts and operations in a manageable way.

The benefits are clear: it eases debt load, helps manage cash better, and lets businesses negotiate new payment terms with creditors. Ultimately, it gives small businesses a shot at stability and growth. Plus, it can save jobs and keep relationships with suppliers and customers intact, setting them up for success in the long run.

**Source:** *Simplified debt restructuring: a factsheet for small business*

Disclaimer: All or any advice contained in this newsletter is of a general nature only and may not apply to your individual business circumstances. For specific advice relating to your specific situation, please contact your accountant or contact me for further discussion.

**JKM Management Services Pty Ltd**

**Tel: 1300 627 688**

**office@jkms.com.au | jkms.com.au | Facebook**

This newsletter is produced by the Institute of Certified Bookkeepers and distributed by members.

