



SBR Case Study

Building & Construction



Our client operates in the building and construction industry, providing new residential house builds, renovations and tiling services.

The government's response to the COVID-19 pandemic severely impacted the business, and more recently the cost of living crisis has seen a downturn in business.

In addition to significant losses incurred on fixed-price contracts due to the increase in materials, the business has also seen that the increased cost of living has placed significant financial strain on the business.

Debt

The total debt within this SBR was approximately \$110,000 owed to the ATO.

Background

The business was impacted by Government restrictions during the COVID-pandemic, with reduced staff on-site, staff downtime and additional sick leave costs with the need for staff to isolate if they tested positive for COVID or if they were a close contact. It was also required to terminate staff due to decreased available work.

During COVID and in the period prior, there have been significant increases in material costs, which has led to the Company suffering losses due to fixed price contracts.

The business has also seen impacts from the increased cost of living, including the tightening of the banks' lending criteria towards home ownership, wage increases, and superannuation increases, significantly affecting cash flow and increasing their ATO debt.

Proposal

The proposal provided for monthly payments over 12 months, for a total commitment of \$22,100. Creditors voted to accept the restructuring proposal, which resulted in a 19c/\$ return.

Outcome

The business has continued to trade profitably and has taken various steps to improve its position moving forward and to ensure on-going profitability, including:

- A full review of service offerings has led to the business diversifying its services and focussing more on 'tiny home' builds.
- The Director has taken a more active role in the business to reduce overheads incurred with staff wage costs.
- To undertake further training in Xero to reduce bookkeeping and accounting costs.
- Conducted a detailed analysis of hourly charge-out rates and quoting to ensure an appropriate profitability margin is achieved in each contract.
- Conducted a detailed analysis of operating expenditure to achieve further cost savings, therefore reducing overheads.



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