



## SBR Case Study **Electrical & Solar**



Our client operates in the building and installation services, providing electrical and solar installation services.

COVID-19 severely impacted the business. Just prior to the government-imposed lockdowns, the business had employed two apprentices. However, due to the timing of the new hires, the business was not entitled to claim any wage support during the pandemic.

In addition, when an apprentice was terminated due to performance issues, the business system used to record working hours and materials associated with each job was deleted resulting in significant damage to the business.

### **Debt**

The total debt within this SBR was approximately \$155,000 owed to the ATO.

### **Background**

On 12 March 2024, the Government placed Tasmania into lockdown due to COVID-19, two days after the business had signed two new apprenticeship contracts. Due to the timing of the contracts, the business was ineligible for the wage support scheme.

The lockdowns led to the business losing income as staff could not work, yet wages were still required to be paid. COVID-19 also impacted the business concerning the need to pay more sick leave for employees due to the need to isolate when contracting COVID-19 or being a close contact

In addition to this, due to nonperformance, one apprentice was terminated, and following their termination, they deleted the business's system for logging working hours and materials. This

was estimated to cost the business in excess of \$60,000 as clients were unable to be invoiced accurately for work completed.

### **Proposal**

The proposal provided for monthly payments over 24 months, for a total commitment of \$20,400. Creditors voted to accept the restructuring proposal, which resulted in a 24.69c/\$ return.

### **Outcome**

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

- Engagement of a new accountant.
- Increasing hourly rates as it was determined that the rates being charged were not sufficient to cover the Company's overheads.
- The implementation of an online tracking system wherein employees can enter every hour of their workday and materials are tracked for each client, which has increased the ease of invoicing.
- Engagement of a new accountant.
- Conducted a detailed analysis of operating expenditure to achieve further cost savings and reduce overheads.



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