

Have you been
impacted by
COVID-19 or the
“black summer”
(2019-2020)
bushfires?



The right advice can help your business survive

Countless Australian businesses have been affected by the bushfires and now countless more have already been or will be impacted by the coronavirus (COVID-19) crisis, with customer bases throttled, revenue and cash-flow reduced, and government measures to mitigate its spread forcing many to close their doors, either temporarily or permanently. According to Federal Treasurer Josh Frydenberg, the situation continues to evolve

*"but it's a massive 1 in 100 year event
and the economic impact is huge,
not just for us here in Australia,
but globally".*

The key to mitigating the effects of these crises is getting the right advice and support as soon as possible

As one of Australia's leading national business recovery and insolvency companies, Jirsch Sutherland, which trades as VVA Insolvency Solutions (VAIS) in Western Australia, specialises in helping business owners and directors competently manage financial issues and achieve the best outcomes. And Jirsch Sutherland extended Mental Health First Aid Certificate training to all of its Partners, Principals and Managers, so they understand the impact a period of financial stress can have on anyone and be able to offer the right support to those experiencing mental ill-health.

If your business has been or will be affected by COVID-19 or the bushfires, Jirsch Sutherland recommends the following:

- **Don't wait:** build a forecast to understand how long your business can survive under the "new normal"
- **Seek help:** If you don't know what your business options are, speak to someone who can help, like your accountant or an insolvency/business recovery expert such as Jirsch Sutherland/VAIS. If your mental health is being affected, seek help from a health professional like Beyond Blue
- **Engage:** get on the front foot with your customers and creditors
- **Communicate:** speak with your stakeholders and talk them through the impact on your business and the contingencies you are implementing
- **Take action:** reduce costs where possible to minimise the cash flow impact
- **Think long term:** evaluate supply chains and ensure that future access to raw materials, components and finished goods will not be impacted by another catastrophe
- **Assess:** determine whether you're over-reliant on China and weigh up how to diversify your supply chains geographically
- **Diversify and limit risks:** seek alternate markets (supply or demand) for your product or service



Experiencing revenue and cash flow problems? We recommend seeking help sooner than later

Like many problems, the longer you ignore them, the worse they get. If you are experiencing financial distress as a result of the bushfires or Coronavirus outbreak, Jirsch Sutherland recommends seeking help and finding out your options as soon as possible.

Early intervention can give your business a greater chance of surviving and a better outcome. Our practitioners can help you avoid actioning quick-fix solutions to mounting debt such as insolvent trading, selling assets at undervalue, and breaching employment laws which are detrimental to any business's recovery.

What are the options?

Jirsch Sutherland's qualified specialists can recommend and implement an early intervention option that suits your business and achieves the best possible outcome.

There's a range of measures that can help position businesses to ride out the crisis or restart once it's all over. These could include:

- **Restructure a business early**, utilising the framework established under the [Safe Harbour](#) legislation.

- **Create a Creditors' Trust** for participating creditors. This is a legal arrangement used to accelerate a company's exit from external administration.
- **Merger and consolidation.**
- **Implement "Holding", "Hibernation" or other Deeds of Company Arrangements (DoCAs)** to extend the period of debt moratoriums. This will buy time to investigate potential restructuring opportunities.
- **Liquidate now and minimise losses** in order to allow a business to restart further down the track.

Safe Harbour:

With this option you stay in control of your business rather than handing it over to external administrators or liquidators. Safe Harbour requires an Appropriately Qualified Entity such as Jirsch Sutherland. This option can buy the time needed to help you 'right the ship' while Jirsch Sutherland ensures you stay compliant and creates a restructuring plan to prevent job losses, contract terminations, destruction of goodwill and asset diminution. This option also protects company directors from civil liability for debts incurred after they start developing an action plan that is 'reasonably likely' to lead to a better outcome for the company than insolvency.

Voluntary Administration (VA):

if your business has become insolvent or you believe it's likely to become insolvent, a Voluntary Administrator from Jirsch Sutherland can step in to suspend creditor claims and enable the business to continue to trade. We can negotiate with creditors to avoid Liquidation by securing a Deed of Company Arrangement (DoCA) or an end to the administration and return of control to the company directors.

Business Restructuring:

A restructure can potentially turn around your company and steer it clear of becoming insolvent. A Jirsch Sutherland practitioner will guide you through every stage of a restructure ensuring the process is compliant, providing options for reducing your debt, including recapitalisation, cost cutting, and selling assets, and negotiating feasible payment plans with creditors to help you avoid a Debt Agreement. They will also manage stakeholders such as creditors and stakeholders, freeing you up to run your company and avoid personal liability.



Insolvent or about to become insolvent?

There are two options for winding up your company in a fair, orderly way and achieving the best outcome

Jirsch Sutherland's qualified practitioners provide clear advice on your options and expertly manage every step of a voluntary administration or bankruptcy.

This can be a stressful and demanding time and by liaising with creditors to stop or reduce payment demands, managing the realisation of your assets, and ensuring your company meets the requirements of the relevant government bodies such as ASIC and the ATO, we help take the load off your shoulders from day one

Our appointment as liquidator also means you don't need to hire lawyers or go to court.

Members' Voluntary Liquidation for solvent companies

If your company is solvent, you can choose Members' Voluntary Liquidation (MVL) to liquidate assets and wind up affairs. The main benefit of MVL for shareholders is that they receive the net proceeds of the sale of assets - unlike Creditors' Voluntary Liquidation which gives creditors all the proceeds.

With a Jirsch Sutherland liquidator on board, you have the support of an experienced and qualified professional and have peace of mind knowing your MVL meets all the current laws and the reporting requirements.

Creditors' Voluntary Liquidation for insolvent companies

Creditors' Voluntary Liquidation (CVL) is the most common corporate insolvency appointment and offers numerous benefits for directors including protection against personal liability, a ceasing or reduction of creditor requests for payment, and relief from the stress their demands create. A benefit of CVL to the company is that unsecured creditors cannot take legal action against it, unless the court permits.

As your liquidator, our qualified practitioner steps in to take control of your company to realise your company's assets, report on your company's status and reason for it becoming insolvent to creditors, and lodge documents and reports required by the Corporations Act 2001.

Following the sale of your assets, they pay the liquidation costs and distribute the proceeds first to secured creditors and secondly to unsecured creditors.

Bankruptcy for individuals

If you become insolvent, bankruptcy may be a viable solution as it can release you from almost all personal debts.

As your bankruptcy trustee, a Jirsch Sutherland practitioner manages all requirements including notifying your creditors of your bankruptcy and selling assets to raise funds to pay them.

While bankruptcy provides relief from your biggest

burdens and gives you the opportunity to start again with a 'fresh slate', there are some penalties, including the possibility of compulsory payments to the bankruptcy trustee for income earned while bankrupt and, during your bankruptcy (three years and one day), you cannot be a director of company nor manage a company without court permission. Also, some industry associations or licensing authorities put restrictions or conditions on members who become bankrupt.

To reduce the stress, stigma and fear associated with bankruptcy, we provide support and expert advice with compassion and understanding to help you through the process and set you up for your next business venture.

Bankruptcy alternative

Unfortunately, people often think declaring bankruptcy is the only way out of their financial woes. However, there is an alternative. It's called a Part X (or Personal Insolvency) Agreement for individuals who are financially insolvent.

A [Personal Insolvency Agreement](#) (PIA) takes its name from Part X of the Bankruptcy Act. It's a tailor-made formal agreement with the individual's creditors that is structured specifically to suit the circumstances existing at that time. A PIA may, for example, include any of the following:

- **payment of a lump sum;**
- **payment over time;**

- **disposal of some or all assets; and/or**
- **a combination of any of the above.**

PIAs are flexible. Once the proposal is accepted by creditors, the PIA legally binds the creditors and allows for full and final settlement of the debts, often at significantly less than the full amount.

The benefit of a Part X Agreement is that creditors are unable to initiate further action to recover their debts, and this can prevent you from being forced into bankruptcy.

It lets you appoint a Controlling Trustee who calls a meeting of creditors and negotiates a binding formal agreement for debt repayment that is tailored to suit your individual financial circumstances.

Discover how Jirsch Sutherland
can help your business by
calling the special hotline on
1300 547 725 or email
coronavirus@jirschsutherland.com.au.

NSW

SYDNEY

Level 27
259 George Street
SYDNEY NSW 2000
T: +61 2 9236 8333

NEWCASTLE

Level 1
14 Watt Street
NEWCASTLE NSW 2300
T: +61 2 4965 6500

Regional Offices

Central Coast

3 Amy Close
North Wyong NSW 2259
T: +61 2 4322 0444

Macarthur

Suite 32, The Exchange
1 Elyard Street
Narellan NSW 2567
T: +61 2 4647 4172

Norwest

Suite 4.04
33 Lexington Drive
Bella Vista NSW 2153
T: +61 2 9236 8333

Tamworth

345 Peel Street
Tamworth NSW 2340
T: +61 2 4965 6500

VIC

MELBOURNE

Level 30, 140 William Street
MELBOURNE VIC 3000
T: +61 3 8605 7333

WA

PERTH

Suite 6.02
Level 6, 109 St Georges Tce,
PERTH WA 6000
T: +61 8 9463 3000

Regional offices

Albany

234 Stirling Terrace,
Albany WA 6330
T: +61 8 9841 4930

Esperance

Suite 9
Esperance Business Centre
93 Dempster Street
Esperance WA 6450
T: +61 8 9071 5874

Kalgoorlie

Suite 14
Kalgoorlie Business Centre
47 Brookman Street
Kalgoorlie WA 6430
T: +61 8 9021 7066

QLD

BRISBANE

Level 9, 120 Edward Street
BRISBANE QLD 4000
T: +61 7 3152 0222

www.jirschsutherland.com.au

OR CALL OUR HOTLINE: 1300 547 725