



ASSOCIATED CUSTOMS & FORWARDING SERVICES PTY LTD (ADMINISTRATORS APPOINTED)

REPORT TO CREDITORS BY VOLUNTARY ADMINISTRATORS PURSUANT TO
SECTION 75-225 OF THE INSOLVENCY PRACTICE RULES (CORP) 2016 &
SECTION 439A OF THE CORPORATIONS ACT 2001

1 FEBRUARY 2022

STRICTLY PRIVATE & CONFIDENTIAL

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Australia

TO THE CREDITOR AS ADDRESSED

Dear Sir/Madam

Associated Customs & Forwarding Services Pty Ltd

I refer to my previous correspondence regarding the Voluntary Administration of the Company.

Please find enclosed a second report to creditors dated 1 February 2022, issued pursuant to Section 75-225 of the IPR and Section 439A of the Act.

A copy of my previous report to creditors can be found at our website:

<http://www.bdo.com.au/en-au/insights/appointments/br/associated-customs-forwarding-services>

This report includes information on:

- ▶ The second meeting of creditors to be held on 9 February 2022;
- ▶ The conduct of the Administration to date;
- ▶ Report on the Company's Activities and Property;
- ▶ The Administrators' preliminary investigations;
- ▶ Estimated return to creditors;
- ▶ Option available to creditors and Administrators' recommendation on the future of the Company; and
- ▶ The Administrators' remuneration report.

At the second meeting, creditors will be entitled to vote on whether:

1. The Company should be wound up;
2. The Company should enter a Deed of Company Arrangement; or
3. The Administration should end.

It is the Administrators' recommendation that creditors resolve to execute the Deed of Company Arrangement proposed by the directors of the Company, Andrew Hurt and Peter Wrigley.

Meeting of Creditors

The meeting for creditors to decide on the Company's future has been convened for:

Date: 9 February 2022
Time: 11:00 AM (AEDT)
Venue: via online Webinar

If there are any questions that you wish to have answered at the meeting of creditors, please submit them in writing to Ryan Davies of my office at ryan.davies@bdo.com.au prior to the meeting. There will also be an opportunity for questions during the course of the meeting.



Proofs of Debt and Proxy Forms

To participate in the meeting, you will need to:

- ▶ Submit a proof of debt and information to substantiate your claim (if not previously submitted); and
- ▶ Appoint a person - a “proxy” or person authorised under a power of attorney - to vote on your behalf at the meeting. This may be necessary if you are unable to attend the meeting, or if the creditor is a company.

You can appoint the chairperson of the meeting as your proxy and direct the chairperson how you wish your vote to be cast. If you choose to do this, the chairperson must cast your vote as directed.

To facilitate the conduct of the meeting, completed proofs of debt and proxy forms must be returned to my office no later than 4:00pm (AEDT) on the business day prior to the date of the meeting (8 February 2022). Please return the completed forms to:

- ▶ Post: Level 11, 1 Margaret St, Sydney NSW 2000
- ▶ Email: ryan.davies@bdo.com.au

If you have any queries in relation to the report, please contact Ryan Davies of my office on (02) 9240 9718 or email ryan.davies@bdo.com.au.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Duncan Clubb', is written over a light blue horizontal line.

Duncan Clubb

Joint and Several Administrator

DISCLAIMER

BDO Business Restructuring Pty Ltd, its affiliates (present or future), Duncan Clubb and Jeffrey Marsden and their employees and agents ('the Administrators') hereby advise that in the time available to us, we have undertaken the following to prepare this report and formulate our opinion:

- ▶ Had discussions with the Company's directors regarding the status of the Company and its assets and liabilities;
- ▶ Taken control of all assets that were located at the Company's premises;
- ▶ Undertaken searches of databases such as ASIC, Transport Departments, Land Titles records, ATO and other statutory agencies as necessary;
- ▶ Engaged solicitors to assist with the administration as required;
- ▶ Engaged Pickles Auctions to undertake a listing and valuation of all fixed assets; and
- ▶ Reviewed available books and records.

We have received the following information to assist with our review of the Company's financial position:

- ▶ Externally prepared financial statements for the financial years ended FY19, FY20 and FY21;
- ▶ Management accounts for the period 1 July 2021 to 30 November 2021. A summary of these financial statements is provided in **Section 10**;
- ▶ Listing of the Company's trade debtors and trade creditors;
- ▶ Detailed stock listing at date of appointment;
- ▶ Bank statements for the period 30 September 2019 to 22 December 2021;
- ▶ Secured creditor facility and security agreements;
- ▶ Details of the employee contracts and information to assist with the calculation of outstanding employee entitlements; and
- ▶ Lease documents for the properties in Melbourne and Sydney.

The Directors provided ROCAP forms on 14 January 2022. These were subsequently lodged with ASIC on 19 January 2022.

Creditors should be aware that we have relied upon the above sources of information in preparing our report. We have done so in good faith in the belief that such statements, records and opinions are not false and misleading. Consequently, the report's accuracy and reliability is dependent on the quality of the information produced by these parties.

Whilst the Administrators have endeavoured to verify the accuracy or otherwise of the records, the financial accounts and other documentation pertaining to the Company's affairs and the advice of the Company's Directors, in the amount of time available under the Act, the Administrators give no warranty as to the accuracy, completeness or reliability of same.

The Administrators have not conducted an audit of the books and records, financial accounts and other documentation pertaining to the Company's affairs.

The Administrators undertake no responsibility arising in any way whatsoever to any person for errors or omissions however caused by way of this report, or accompanying documents.

The Administrators reserve the right to alter any conclusions reached on the basis of any changed or additional information which may become available to them between the date of this report and the date of the Second Meeting of Creditors.

GLOSSARY

Glossary of key terms

Term	Definition
The Act	Corporations Act 2001 (Cth)
Administrators	Duncan Clubb and Jeffrey Marsden of BDO
AEDT	Australian Eastern Daylight Time
AIPAP	All Present and After Acquired Property
ARITA	Australian Restructuring, Insolvency and Turnaround Association
ASIC	Australian Securities and Investments Commission
ASX	Australian Stock Exchange
ATO	Australian Taxation Office
BDO	BDO East Coast Partnership
c.	Circa
COI	Committee of Inspection
The Company	Associated Customs & Forwarding Services Pty Ltd
Director(s)	Andrew Hurt and Peter Wrigley
DIRRI	Declaration of Independence, Relevant Relationships and Indemnities
DOCA	Deed of Company Arrangement
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
FEG	Fair Entitlements Guarantee
FY	Financial Year Ended 30 June

Term	Definition
IPR	Insolvency Practice Rules (Corp) 2016
IPS	CORPORATIONS ACT 2001 - SCHEDULE 2 - Insolvency Practice Schedule (Corporations)
k	Thousands
m	Millions
NLBT	Net Loss Before Tax
NPBT	Net Profit Before Tax
PILN	Payment in Lieu of Notice
PMSI	Purchase Money Security Interest
POD	Proof of Debt
PPSA	Personal Property Securities Act
PPSR	Personal Property Securities Register
ROCAP	Report on Company's Affairs and Property
ROT	Retention of Title
Secured Creditor	Westpac Banking Corporation
Shareholders	Andrew Hurt and Peter Wrigley
YTD	Year to Date

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SECTION 1

EXECUTIVE SUMMARY



EXECUTIVE SUMMARY

Appointment

Duncan Clubb and Jeffrey Marsden were appointed Joint and Several Administrators of the Company on 22 December 2021 pursuant to Section 436A of the Act.

First Meeting of Creditors

The first meeting of the creditors of the Company was held on 6 January 2022.

The purpose of this meeting was to consider the appointment of a Committee of Inspection (COI) for the Voluntary Administration as well as consider the replacement of the appointed Administrators.

No nominations were received to form a COI for the Company.

There were no nominations for an alternative Administrator, therefore, Duncan Clubb and Jeffrey Marsden remain appointed as Administrators of the Company.

Conduct of the Administration

Our role as Administrators has included:

- ▶ Undertaking an urgent assessment of the position of the Company;
- ▶ Liaising with the Company's employees and creditors in relation to the administration process and queries;
- ▶ Seeking DOCA proposals for the Company;
- ▶ Assessing the benefit to creditors of the DOCA proposals and comparing to the estimated liquidation outcome;
- ▶ Undertaking investigations into the Company's affairs;
- ▶ Providing this report to creditors, including formulating our recommendation to creditors; and
- ▶ Convening the second meeting of creditors to decide on the future of the Company.

EXECUTIVE SUMMARY

Second Meeting of Creditors

The meeting for creditors to decide on the Company's future has been convened for:

- ▶ Date: 9 February 2022
- ▶ Time: 11:00 AM (AEDT)
- ▶ Venue: via online Webinar

Creditors will decide on the Company's future and may vote for one of three options outlined below, together with our recommendation on each:

Creditors' Options	Administrators' Recommendation
The Administration should end and control returned to the Director.	No, as the Company is insolvent.
The Company goes into liquidation.	No, as this will result in a lower return to creditors.
The Company executes a Deed of Company Arrangement.	Yes, as the DOCA proposal will result in a higher and more certain return to unsecured creditors.

Should any creditor wish to attend the webinar meeting please contact ryan.davies@bdo.com.au for login details following return of your proof of debt and proxy form.

If you have previously submitted a proof of debt with supporting documentation, you do not need to submit a new proof of debt. However, proxy forms for the first meeting are not valid for the upcoming meeting. You are required to submit a new proxy form for the upcoming meeting.

COVID-19 Notice

Please note due to the current COVID-19 pandemic, it is not viable or appropriate to hold a physical meeting of creditors, as such the meeting will be held via an online webinar.

Should any creditor wish to attend the webinar meeting please contact ryan.davies@bdo.com.au for login details following return of your proof of debt and proxy form.

Should any creditor wish to object to this arrangement they are invited to do so prior to the meeting, however at this time the Administrators feel this is the safest and most equitable way of conducting the meeting.

All resolutions put to the meeting will be circulated to the creditors present at the meeting to confirm that they have been validly resolved, in accordance with the current ASIC requirements.

EXECUTIVE SUMMARY

Frequently Asked Questions

Question	Position
Do the Directors still have any powers?	No, they are suspended.
Who is in control of the Company?	The Administrators, Duncan Clubb and Jeffrey Marsden, from 22 December 2021.
Is the Company still trading?	On a limited basis, the Administrators are continuing to trade the business.
What happens to creditors' claims prior to 22 December 2021?	A debt moratorium is in place, meaning creditor claims are frozen pending the outcome of the Administration process. The estimated dividend to creditors is dependent upon the outcome of the second meeting of creditors. Further information is provided in Section 14.
Is there a proposal to repay creditors through a DOCA?	Yes. A DOCA for the Company has been proposed by Andrew Hurt and Peter Wrigley. Please refer to Section 13 of this report for details of the DOCA proposal.
Is there a secured creditor?	Yes, Westpac Banking Corporation, has registered security interests over the Company.
What is the position in relation to outstanding employee entitlements as at 22 December 2021?	The Administrators have calculated employee entitlements and notified employees of their claims based on the books and records of the Company. Employees who have any questions with regards to their outstanding entitlements should contact Ryan Davies on (02) 9240 9718 or at ryan.davies@bdo.com.au
What is the estimated return to creditors?	A key objective of the DOCAs is to facilitate and expedite a distribution of 100 cents in the dollar to employees and to ensure that unsecured creditors receive a dividend that exceeds the dividend that they would receive if the Company was wound up. We estimate a return of 14 to 62 cents in the dollar if creditors resolve to accept the DOCA proposal. We estimate a return of 7 to 39 cents in the dollar if creditors resolve to place the Company into Liquidation. Refer to Section 14 for further details.
Administrators' recommendation	Execute the Deed of Company Arrangement proposed by Andrew Hurt and Peter Wrigley for the Company.

SECTION 2

INTRODUCTION



INTRODUCTION

Overview and First Meeting of Creditors

Duncan Clubb and Jeffrey Marsden were appointed Joint and Several Administrators of the Company on 22 December 2021 by the Director(s), pursuant to section 436A of the Act.

The Company operated the business Associated Customs & Forwarding Services Pty Ltd, a logistics, freight forwarding and customs broker and is trustee for the Associated Customers & Forwarding Services Trust.

Following our appointment, we took control of the Company and commenced an urgent assessment of the financial position. During the period of appointment, the Administrators are in control of the Company with directors' powers suspended and creditors' claims put on hold.

At the forthcoming meeting, creditors will decide the Company's future from one of three options:

1. the Company be wound up;
2. the Company execute a DOCA; or
3. the Administration should end and control of the Company returns to the Directors.

This report has been prepared to provide you with sufficient information to make an informed decision about the above options and the Company's future, including:

- ▶ Background information and reasons for failure;
- ▶ Financial position;
- ▶ Results of our investigations;
- ▶ Estimated return to creditors;
- ▶ Creditors' options and the Administrators' opinion;
- ▶ Administrators' remuneration; and
- ▶ Meeting of creditors.

A creditors meeting to consider each of the options will be held on 9 February 2022 at 11 AM (AEDT) via online Webinar.

Creditors who wish to vote and/or attend should ensure they complete the attached proxy and proof of debt forms and return them to Ryan Davies of this office at ryan.davies@bdo.com.au by 4:00PM (AEDT) on Monday, 8 February 2022.

If you have already completed a Proof of Debt Form, you are not required to complete another proof of debt form, unless you wish to amend your claim.

Further information in relation to the meeting is provided in **Section 17**.

First Meeting of Creditors

The first meeting of creditors of the Company was held on 6 January 2022.

The purpose of this meeting was to consider the appointment of a Committee of Inspection (COI) for the Voluntary Administration as well as consider the replacement of the appointed Administrators.

No nominations were received to form a COI for the Company.

There were no nominations for an alternative Administrator, therefore, Duncan Clubb and Jeffrey Marsden remain appointed as Administrators of the Company.

The minutes of this meeting have been lodged with ASIC and are available to any creditors. Should any creditor wish to obtain a copy of these minutes please contact Mr Ryan Davies of this office on (02) 9240 9728 or via email at ryan.davies@bdo.com.au.

INTRODUCTION

Purpose of this Report and DIRRI

Purpose of this Report to Creditors pursuant to IPR 75-225

In accordance with Section 439A of the Act, the Administrators of a company are required to hold a second meeting of creditors within five business days before or after the end of the convening period, being twenty-five business days (due to it being a December appointment) after the commencement of the administration, unless an extension is granted by the Court prior to the conclusion of the convening period.

Pursuant to IPR 75-225, we are required to provide:

- ▶ A statement setting out the Administrators' opinion as to which course of action is in the best interest of creditors;
- ▶ A statement dealing with the reasons behind the Administrators' opinion;
- ▶ A statement specifying whether there are any transactions that appear to be voidable transactions in respect of money, property or other benefits which may be recoverable by a Liquidator under Part 5.7B of the Act; and
- ▶ Although IPR 75-225 provides that the statements of opinion must specify whether there are any voidable transactions, we have also addressed other potential claims against the Directors in this report, such as insolvent trading, breaches of fiduciary duty and claims under section 197 of the Act.

The primary purpose of the second meeting is to enable creditors to decide the future of the Company by choosing one of the following available options:

- ▶ the Company be wound up;
- ▶ the Company execute a DOCA; or
- ▶ the Administration should end and control of the Company returned to the Directors.

This report is prepared from the Administrators' investigations into the Company's affairs.

Declaration of Independence, Relevant Relationships and Indemnities

We refer to our DIRRI contained in our first report to creditors and advise no changes have been made. The Administrators remain of the view that their prior professional relationships as outlined in the DIRRI do not create or give rise to any potential conflict of interest.

SECTION 3

BACKGROUND OF COMPANY & REASONS FOR FAILURE



BACKGROUND OF COMPANY & REASONS FOR FAILURE

History of Company

History of Company

The Company was incorporated on 9 December 2002 by current director Andrew Hurt and two of the Company's former directors and upon their resignation on 3 May 2004, current director Peter Wrigley was appointed to the board on that same day.

The Company is trustee for the Associated Customers & Forwarding Services Trust.

The Company operated as a logistics, freight forwarding and customs broker from inception and operated from premises in Sydney, Melbourne and Brisbane, employing nearly 80 staff.

In late 2020 the Company was approached by Cargo-Partner Logistics Pty Ltd to consider a sale of their remaining business and operations Sydney and Melbourne. An agreement was reached and the effective date of the sale was 1 August 2021. Cargo-Partner Logistics Pty Ltd subsequently arranged to sub-lease the Sydney premises at Bumborah Point Road, Port Botany, NSW.

The Company subleased part of the Melbourne premises at 84-88 Coode Road, West Melbourne 3003 VIC, however, in October 2021 the sub-tenant notified the Company that they would be vacating the premises. The loss of this sub-tenant increased the cost of operations at the Melbourne property to unsustainable levels. Attempts were made to renegotiate the lease with the landlord to reduce costs however, these failed and the Directors were forced to consider the Company's solvency options, eventually contacting BDO.

Trading History

Set out below is a timeline of the recent trading history of the business:

Date	Event
2019	Lost key customer Aldi Australia who represented close to 20% of the Company's revenue.
2019	Lost agency agreement with Seko Logistics who were another key customer.
January-March 2020	The beginning of the COVID-19 pandemic increased the costs of freight services globally as there was insufficient supply to keep up with the increased demand. This caused some price-sensitive customers to change operations and reduce or withdraw from using some freight services.
July 2020	In order to cut costs, Sydney transport and warehousing division was sold to Trojan Transport & Bond Services.
March 2021	Melbourne and Brisbane transport and warehousing divisions were sold to Arrow Transport who also took over the Brisbane lease and sub-leased part of the Melbourne premises.
1 August 2021	The Company sold the remaining business operations to Cargo Partner Logistics Pty Ltd and subleased the Sydney premises.
October 2021	Arrow Transport exited the sublease in Melbourne, increasing the Company's costs to unsustainable levels
December 2021	The Directors decided to place the Company into Voluntary Administration as new terms for the Melbourne lease could not be agreed.

BACKGROUND OF COMPANY & REASONS FOR FAILURE

Reasons for Failure and Statutory Records

Directors' Opinion on Reasons for Failure

We wrote to the Directors to request that they submit a ROCAP and questionnaire for the Company.

On 14 January 2022, the Directors returned the questionnaire and ROCAP.

The Directors attributed the failure of the Company to:

- ▶ Loss of large clients
- ▶ Loss of sub-tenant in Melbourne property
- ▶ COVID-19 pandemic affected trading with airfreight

Administrators' Opinion on Reasons for Failure

Whilst we concur with the above reasons, we are of the opinion that the following factors contributed to the failure of the Company:

- ▶ High overheads, particularly occupancy costs
- ▶ Inability to collect accounts receivable as and when they fell due
- ▶ Consistently making gross losses in one of the four revenue streams (Warehousing & Depot Services)

Whilst the external factors identified by the Directors definitely impacted the trade of the Company, it is evident that the Company had been finding it difficult to trade profitably for a number of years due to the high overheads and low margins.

A key client of the business was lost at the end of 2019, reducing the Company's revenue by close to 20%. In addition to this the COVID-19 pandemic led to significant increases in the costs of freight, particularly by air and sea due to the lack of supply.

These factors placed pressure on the business to cut costs in order to return a profit. The Company sold the Sydney, Melbourne and Brisbane transport and warehousing division and exited the Brisbane lease.

Statutory Records

The statutory information about the Company is detailed in the table attached as **Appendix A**.

The information has been sourced from searches of the ASIC national database and the PPSR at the time of our appointment.

BACKGROUND OF COMPANY & REASONS FOR FAILURE

PPSR Registrations

PPSR Registrations

According to the PPSR, at the date of appointment there were 10 security interests registered against the Company in favour of 8 different parties. Please refer to **Appendix B** for details of the security interests registered on the PPSR for the Company.

On appointment, we wrote to all secured parties requesting details of their security interests.

Set out below is our commentary regarding the PPS registrations.

General Security Interest Registrations

- ▶ According to the PPSR, Westpac Banking Corporation holds a General Security Agreement over all present and after acquired property except any personal property of the grantor which is not from time to time subject to a security agreement in favour of the secured party. It will be a breach of the security agreement if certain dealings in the collateral (including selling or leasing it) occur without the secured party's consent.

Non-Circulating PMSI Registrations

Non-circulating PMSI registrations relate to fixed plant and equipment that is directly encumbered to a financier.

The registrations relate to:

- ▶ Motor vehicle leases;
- ▶ Printer; and
- ▶ Leased forklifts.

Retention of Title Registrations

Suppliers who wish to claim retention of title for unpaid goods supplied are required to have a valid registration on the PPSR. Any supplier that has a retention claim however does not have a valid registration, has an unperfected interest and is not eligible to claim unpaid goods back.

Only items still held by the Company can be claimed back. Where a customer has already received the goods or the customer has paid for their goods ordered in full to the Company then title has passed and cannot be returned to the supplier.

Subject to confirming the validity of the security interests, upon request, items unpaid for but still in the Administrators' possession have been released back to the suppliers or the Administrators are required to pay amounts due to the supplier if their goods have been sold during the Administration.

SECTION 4

BOOKS AND RECORDS



BOOKS AND RECORDS

Section 286 of the Act prescribes that a Company:

“...must keep written financial records that:

- 1. correctly record and explain its transactions and financial position and performance; and*
- 2. would enable true and fair financial statements to be prepared and audited.”*

We have been provided with the following records and financial statements:

- ▶ Externally prepared financial statements for the financial years ended 30 June 2019, 30 June 2020 and 30 June 2021;
- ▶ Management accounts for the period 1 July 2021 to 30 November 2021. A summary of these financial statements is provided in **Section 10**;
- ▶ Listing of the Company’s trade debtors and trade creditors;
- ▶ Bank statements for the period 22 December 2019 to 22 December 2022;
- ▶ Secured creditor facility and security agreements;
- ▶ Details of the employee information to assist with the calculation of outstanding employee entitlements;
- ▶ Access to the Company’s operational and accounting software, Cargowise; and
- ▶ Other financial information as required.

From our review of the books and records received, we consider the Directors have complied with their obligations under Section 286 of the Act.

SECTION 5

CONDUCT OF THE ADMINISTRATION



CONDUCT OF THE ADMINISTRATION & WIND DOWN OF THE BUSINESS

Conduct of the Administration

From the date of appointment, the Administrators assumed control of the Company's business and assets. Following our appointment, we conducted an investigation into the Company's affairs and the conduct of the Directors in order to compile this report.

In particular, we have undertaken the following tasks (this is not an exhaustive list):

- ▶ Undertook an urgent assessment of the position of the Company;
- ▶ Secured and catalogued the books and records of the Company;
- ▶ Convened and held the first creditors' meeting on 6 January 2022;
- ▶ Prepared and lodged minutes of the first creditors' meeting;
- ▶ Notified parties with security interests on the PPSR. Disclaimed assets that may give rise to a debt of the Administration;
- ▶ Corresponded with trade creditors regarding the Company's business and their outstanding claims;
- ▶ Corresponded with creditors including employees regarding claims and the administration process;
- ▶ Calculated employee entitlements and notified employees of their claims based on the books and records of the Company;
- ▶ Liaised with the secured creditor in relation to its finance arrangements, security and asset realisations;
- ▶ Undertook investigations into the validity of security interests registered on the PPSR, in particular the AllPAP registrations;
- ▶ Liaised with creditors in relation to retention of title claims, PPSR registrations and the return of their goods where valid claims existed;
- ▶ Oversaw the exit of the Melbourne premises;
- ▶ Began the process of collecting outstanding debtors;
- ▶ Undertook investigations into the affairs of the Company; and
- ▶ Prepared this report pursuant to section s439A of the Act and IPR 75-225.

Wind Down of the Business

Immediately following our appointment as Administrators, we took control of the business and operations. This involved ongoing discussions with the Director and management regarding day-to-day operations and implementing trading processes for the Administration.

The Company at the time of appointment retained the remaining three employees at the Melbourne premises, one of which had previously handed in his notice of resignation and finished his employment in the third week of trading.

The employees were tasked with winding down operations of the Melbourne business and finalising any repairs and maintenance work to the premises in order to exit it as soon as possible.

On 24 January 2022 the Administrators instructed Pickles as chattel agents to attend the Melbourne premises to identify the Company's remaining assets on site and provide a strategy for uplift by the end of that week ending 28 January 2022.

The Company ceased operations at the Melbourne premises on 28 January 2022 and on that same day, Pickles attended the site and arranged to uplift the Company's assets including a motor vehicle, warehousing tools and scrap metal.

The employment of the remaining employees was terminated on 28 January 2022, the final day of operations.

The premises was locked, keys returned to the landlord and a notice of intention not to exercise property rights was issued by the Administrators on 28 January 2022.

PPSR creditors were notified of the sites closure and were advised to contact the landlord of the premises to collect any assets identified to be belonging to them.

The Company is still occupying the Sydney premises and Cargo-Partners Logistics Pty Ltd are arranging for the lease to be assigned to them. The Company continues to sub-lease the Sydney premises to Cargo-Partners Logistics Pty Ltd.

SECTION 6

REPORT ON THE COMPANY'S ACTIVITIES AND PROPERTY



REPORT ON THE COMPANY'S ACTIVITIES AND PROPERTY (ROCAP)

ROCAP - Associated Customs & Forwarding Services Pty Ltd

Account	Note	Directors Estimate \$'000	Administrators' Estimate
<i>Assets</i>			
Cash	A	67	4
Term Deposits	A	423	Nil
Accounts Receivables	B	182	110
Property, Plant & Equipment	C	110	32
Other Assets	D	5	Nil
Deferred Consideration	E	0	343
Contingent Consideration	F	0	645
Total assets		787	1,134
<i>Liabilities</i>			
Priority employee entitlements	G	414	41
Secured creditors	H	223	161
Unsecured creditors	I	1,667	2,862
Total liabilities		(2,304)	(3,064)
Estimated Net Position		1,517	(1,930)

Commentary

A Director is required to submit a ROCAP as at the date of our appointment. The Directors provided ROCAP forms on 14 January 2022.

Set out below is a summary of the ROCAP provided by the Directors.

A	Cash	<ul style="list-style-type: none"> ▶ Immediately following our appointment, we notified the major banks of our appointment. ▶ 12 bank accounts were identified by Westpac and 1 bank account was identified by NAB. The Westpac bank accounts had a balance of \$486,301 and the NAB account had a balance of \$3,511 at the date of our appointment. ▶ The \$3,501 held by NAB was transferred to the Administrators' account. ▶ Of the monies held by Westpac, \$423k was held in two term deposit accounts and \$63k held in several trading accounts. We are reviewing Westpac's security to determine if any amounts not secured by term deposit are due to the Company.
B	Accounts Receivable	<ul style="list-style-type: none"> ▶ The schedule attached to the Directors' ROCAP indicates that accounts receivable total \$182,045. ▶ To date, \$9,969 of pre-appointment debtors has been received, leaving a balance of \$172,076 remaining to be collected. ▶ There are mutual debtors & creditors of the Company which may impact the collection of Accounts Receivable due to set offs. ▶ Refer to Section 7 for further information on Accounts Receivable.
C	PPE	<ul style="list-style-type: none"> ▶ PPE consists of: <ul style="list-style-type: none"> ▪ Motor vehicle (Nissan work truck) ▪ Warehouse racking, tools and equipment ▪ Office furniture and equipment ▶ The Administrators arranged for a chattel agent to attend the trading site and undertake a listing and valuation of the Company's PPE. ▶ Refer to Section 8 for further information on PPE.

REPORT ON THE COMPANY'S ACTIVITIES AND PROPERTY (ROCAP)

D	Other Assets	<ul style="list-style-type: none"> ▶ The Directors listed other assets in their ROCAP which included \$5,100 of work in progress, and the Company's domain name and website, the value of which is undetermined. ▶ The Administrators do not estimate that these assets have any value at this time but will investigate further when further details are provided. 	H	Secured Creditors	<ul style="list-style-type: none"> ▶ Westpac hold two bank guarantees, one for \$422,025 and the second for \$62,013 which were believed to be secured against the Company. ▶ The first \$422,025 is secured by cash held in a Term Deposit. Westpac have advised that a portion of this amount has already been drawn upon by Port of Melbourne and this remaining bank guarantee is \$160,940. ▶ Based on our assessment, the security for the first bank guarantee held by Westpac is valid and enforceable. ▶ The second bank guarantee of \$62,013 is also in favour of the Port of Melbourne. However, this amount is not secured by a term deposit. We are continuing to review Westpac's security in relation to this amount. ▶ In the Administrators' estimate, the two bank guarantees have been separated, the first being included as secured, the second as unsecured until further information can be provided.
E	Deferred Consideration	<ul style="list-style-type: none"> ▶ This amount is due and payable on 22 August 2022 as per the executed sale agreement between the Company and Cargo-Partner Logistics Pty Ltd. 	I	Unsecured Creditors	<ul style="list-style-type: none"> ▶ To date, we have received 12 proofs of debt totalling \$575,399 from unsecured creditors. ▶ A review of the books and records of the Company identified creditors totalling \$2,862,057 as at the date of our appointment. ▶ The breakdown of claims can be categorised as follows: <ul style="list-style-type: none"> ▶ Trade creditors ▶ Statutory creditors ▶ Related party creditors ▶ Excluded creditors ▶ The main difference between the books and records and the proofs of debt submitted is the books and records not capturing the full amount of the outstanding loan to related parties. ▶ We have not adjudicated on any of the claims received (other than for voting purposes) or verified any of the information contained in the books and records to date. ▶ Please refer to Annexure (E) for a full breakdown of claims by category.
F	Contingent Consideration	<ul style="list-style-type: none"> ▶ This amount is due and payable to the Company from Cargo-Partner Logistics Pty Ltd if their 12-month EBITA for the period ending 31 July 2022 is between \$616,500 and \$753,500. ▶ Should Cargo-Partner EBITA be higher than \$753,500, the Company will also be entitled to a commission in addition to the \$685,000 due and payable. 			
G	Priority employee entitlements	<ul style="list-style-type: none"> ▶ The Director provided a schedule of employee entitlements totalling \$425,046 for annual leave, unpaid wages, long service leave, redundancy, PILN and superannuation. ▶ Based on the Administrators' calculations, employee entitlements total \$40,533. The discrepancy between the Directors calculation and the Administrators is the reduction of redundancy, which is not applicable for small businesses which employ less than 15 employees and due to the reduction of the claims of excluded employees which the Directors are both considered. The excluded claims totals have been included in the unsecured creditors for the Administrators estimate. ▶ Creditors should note that pursuant to Sections 556(1A) and 556(1B) of the Act, the priority for a Director and related individuals is limited to \$2,000 for unpaid wages and superannuation and \$1,500 for leave. The balance of any claims for related party entitlements will rank as ordinary unsecured debts. ▶ At appointment the Administrators continued the employment of the 3 remaining employees of the business located at the Melbourne property. One employee had given notice prior to appointment and their employment ended 6 January 2022, the remaining 2 employees were terminated on 28 January 2022. Their claims will be a priority claim in the Administration. ▶ We discuss employee entitlements further in Section 9. 			

SECTION 7

ACCOUNTS RECEIVABLE



ACCOUNTS RECEIVABLE

At the date of our appointment, the records indicated that outstanding debtors of the Company totalled \$182,045, split across 26 debtors.

Collectability of accounts receivable is ongoing but it is noted that there are a number of mutual debtors and creditors of the Company. These debtors may be entitled to a right of set off.

A summary of the debtors collected and amounts outstanding is provided below:

Debtors Summary	\$'000
Debtors at Appointment	182
Collections to Date	10
Net Balance Outstanding	172
Categorised as:	
Further Documentation Required	47
To be collected	115
Total	172

SECTION 8

PROPERTY, PLANT AND EQUIPMENT



PROPERTY, PLANT AND EQUIPMENT

PPE overview

The Directors' ROCAP indicates that the Company's PPE has a value of \$110,000 and comprises of the following items:

- ▶ Motor vehicle;
- ▶ Warehouse racking, tools and equipment; and
- ▶ Office furniture and equipment.

The Administrators have engaged Pickles Auctions as chattel agents to complete a review of these assets to determine their value.

Motor Vehicles

The motor vehicle relates to the Company truck, a UD Nissan Cab Chassis held at Melbourne premises.

This vehicle is unencumbered and our agents will seek to realise it via public auction.

In addition to the above vehicle, the Company leased the following vehicles:

- ▶ Komatsu FG25HT-14-4.5TFV Forklift (Komatsu Forklift Australia Pty Ltd)
- ▶ Komatsu FH80-2 4.5FV Forklift (Macquarie Leasing)
- ▶ Komatsu FG30T-17 4.5TFV Forklift (Macquarie Leasing)
- ▶ Isuzu D-Max SX Hi-Ride (Macquarie Leasing)
- ▶ Electric 1.3 Tonne Stand Up Reach Truck (United Equipment Pty Ltd)

As these assets are all subject to PMSI registrations in favour of the above parties, we do not anticipate there to be any value in these assets. We have disclaimed our interest in some of these vehicles. Some vehicles have been taken over by Cargo-Partners.

Warehouse racking, tools and equipment

Located in the Melbourne property are a number of tools and equipment used to assist the packing and distributing items from the warehouse. Our chattel agents have attended the property and completed a review of these assets. Some of the items were determined to be worthy of uplifting and arrangements will be made to have these items auctioned.

In addition to these items there is a substantial pallet racking system installed in the warehouse. However, it was determined that the cost of uplift exceeded the ex-situ cost of this racking system and for that reason it has been abandoned.

Once details of our agent's public auction will be made available upon request.

Office Furniture and equipment

The Directors' ROCAP included a small amount of office furniture and equipment. This has been reviewed by our agents and determined to be of no value and as a consequence has been abandoned.

SECTION 9

EMPLOYEE ENTITLEMENTS



EMPLOYEE ENTITLEMENTS

Employee Entitlements

At the date of our appointment, the books and records of the Company indicated employee entitlements totalled \$414,921 for annual leave, unpaid wages, long service leave and superannuation.

Following our appointment, we reviewed the books and records and calculated employee entitlements. A summary of the total outstanding employee entitlements is provided in the below table:

Employee Entitlement	\$
Unpaid wages	Nil
Allowances	Nil
Superannuation	4,650
Annual Leave	300,281
Leave Loading	Nil
Long Service Leave	105,581
Pay In Lieu of Notice	4,408
Redundancy	Nil*
Total Entitlements	414,921
Less: Excluded employee claims	(374,388)
Total Priority claims	40,533

* As the Company employed less than 15 employees the Company is not liable to pay redundancy.

- ▶ Pursuant to section 561 of the Act, employees are afforded a priority over ordinary unsecured creditors from circulating assets (e.g. cash, inventory, debtors).
- ▶ Creditors should note that pursuant to Sections 556(1A) and 556(1B) of the Act, the priority for a Director and related individuals is limited to \$2,000 for unpaid wages and superannuation, and \$1,500 for leave, respectively. The balance of any claims for related party entitlements will rank as ordinary unsecured debts.

Fair Entitlements Guarantee (FEG)

- ▶ Should creditors vote to place the Company into Liquidation and if there are insufficient circulating asset realisations available at the date of liquidation, employees may be eligible to claim through the Fair Entitlements Guarantee (FEG). FEG is a legislative safety net scheme operated by the Commonwealth Government for employees of insolvent entities that have been placed into liquidation. Under the scheme, you may be able to claim for amounts owing for your unpaid entitlements, subject to certain limitations and caps.
- ▶ Please note that FEG does not cover outstanding superannuation. Whether superannuation is paid will depend on whether a dividend to priority creditors (employees) is to be paid out of net circulating assets realised.
- ▶ In the event that a DOCA is executed we anticipate the rate of return to employee creditors will be 100 cents in the dollar. In the event of the Company being placed into Liquidation the estimated return to priority creditors will be 100 cents in the dollar based on identified circulating assets expected to be realised.
- ▶ General information about the scheme and how to apply can be found on the FEG website www.employment.gov.au/feg.
- ▶ FEG has a number of eligibility requirements including being a resident of Australia. Further information on eligibility for FEG can be found at <https://www.jobs.gov.au/eligibility-and-how-apply>.

SECTION 10

HISTORICAL FINANCIAL PERFORMANCE



HISTORICAL FINANCIAL PERFORMANCE

Profit & Loss

Figure 1 - Consolidated Profit and Loss for the period FY19, FY20, FY21 and FY22YTD

ACFS Profit & Loss				
	1/07/21 - 30/11/21	FY21	FY20	FY19
	\$'000	\$'000	\$'000	\$'000
Revenue	3,913	31,595	44,785	38,423
Cost of Sales	(3,504)	(24,616)	(32,537)	(25,766)
Brokerage, Forwarding and Transport Overheads	(255)	(2,288)	(3,149)	(4,054)
Warehouse & Depot Overheads	(120)	(2,834)	(3,571)	(4,380)
Total Cost of Sales	(3,880)	(29,737)	(39,257)	(34,200)
Gross Profit	34	1,857	5,528	4,223
Gross Margin	0.86%	5.88%	12.34%	10.99%
Other Income*	315	1,772	1,941	757
Expenses				
Occupancy Costs	(405)	(2,093)	(3,315)	(2,261)
Employee Costs	(63)	(71)	(140)	(60)
Insurance	(76)	(169)	(296)	(240)
Interest	(14)	(99)	(150)	(170)
IT Costs	(83)	(237)	(233)	(244)
Licence Fees	(194)	31	(606)	(748)
Accountancy fees	(33)	(130)	(96)	(107)
Other	(189)	(760)	(1,918)	(1,161)
Total Overhead Expenses	(1,057)	(3,528)	(6,753)	(4,992)
NPBT/(NLBT)	(708)	101	716	(12)

Historical financial performance

We have been provided with unaudited annual and monthly management accounts for the period FY19, FY20, FY21 and FY22YTD.

The Company's statements were never audited but end of year accounts were prepared by an external accountant.

The management financial records appear to be kept up to date and valid. There are some discrepancies between the annual accounts and the management accounts however they are immaterial.

The Administrators, BDO and its staff have not audited the figures. Whilst we have no reason to suspect the figures provided are inaccurate, we do not warrant the accuracy or completeness of the statements.

Profit & Loss Commentary

Presented opposite is a summarised profit and loss for:

- ▶ FY19 (1 July 2018 to 30 June 2019);
- ▶ FY20 (1 July 2019 to 30 June 2020);
- ▶ FY20 (1 July 2020 to 30 June 2021); and
- ▶ YTD FY21 (1 July 2021 to 30 November 2021).

We provide our commentary on the following page.

*Other income includes but is not limited to the following items:

- Foreign exchange gain/loss
- Government incentives, assistance and allowances
- Rent received
- Refunds and rebates received

HISTORICAL FINANCIAL PERFORMANCE

Profit & Loss

Observations

- ▶ Revenue across most services decreased over the 3 full financial years leading to appointment and this can be explained by the loss of key clients in FY19.
- ▶ Prior to FY21, gross profit margins were above 10% however, the increase in freight costs due to the COVID-19 pandemic reduced gross profit margins, particularly for Customs Brokerage services.
- ▶ In FY20 the Company sold its Transport and Warehousing services and this led to a decrease in revenue from these services.
- ▶ The Company's revenues did increase from FY19 to FY20 by 17% however, as a percentage of gross profit, the Company's occupancy costs increased by 6% in the same period. The years following, occupancy cost as percentage of gross profit increased by 53% from FY20-FY21. This is despite the Company reducing their rental costs by exiting the Brisbane lease and subleasing part of the Melbourne property.

Figure 2 - Gross Profit breakdown graph per service line

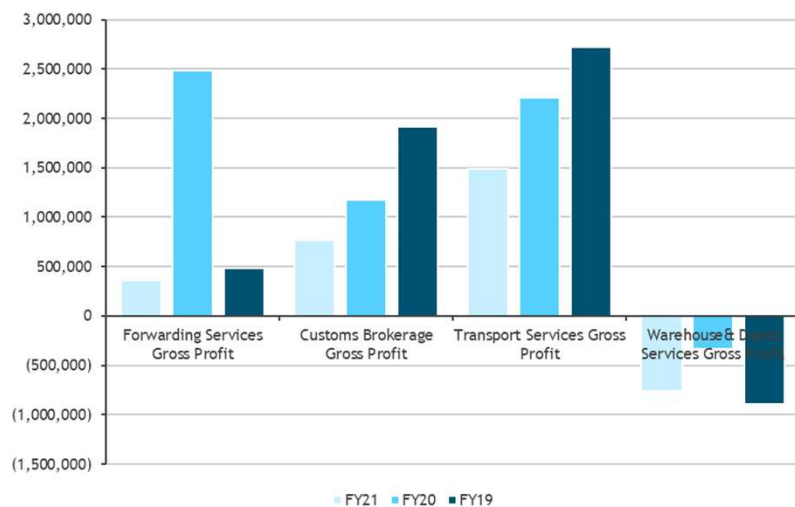


Figure 3 - Gross Profit breakdown per service line

Revenue Breakdown			
	FY21	FY20	FY19
Revenue - Forwarding Services	7,470,054	13,266,149	10,420,436
Cost of Goods Sold	6,458,296	10,151,598	8,987,195
Forwarding Overheads	653,895	633,596	947,375
Forwarding Services Gross Profit	357,863	2,480,955	485,866
Revenue - Customs Brokerage	12,796,750	15,873,851	12,191,756
Cost of Goods Sold	11,346,502	14,197,238	9,598,577
Customs Brokerage Overheads	684,168	505,465	678,685
Customs Brokerage Gross Profit	766,080	1,171,148	1,914,494
Revenue - Transport Services	8,128,364	11,674,202	11,576,501
Cost of Goods Sold	5,687,573	7,451,597	6,428,331
Transport Services Overheads	950,069	2,010,226	2,427,480
Transport Services Gross Profit	1,490,722	2,212,379	2,720,690
Revenue - Warehouse & Depot Services	3,199,705	3,970,364	4,234,046
Cost of Goods Sold	1,123,434	736,150	752,010
Warehouse & Depot Services Overheads	2,833,558	3,570,631	4,379,914
Warehouse & Depot Services Gross Profit	(757,287)	(336,417)	(897,878)
Total Revenue	31,594,873	44,784,566	38,422,739
Total Cost of Goods Sold	24,615,805	32,536,583	25,766,113
Total Overheads	5,121,690	6,719,918	8,433,454
Total Gross Profit	1,857,378	5,528,065	4,223,172

HISTORICAL FINANCIAL POSITION

Balance Sheet

Figure 4 - Balance Sheet for the period FY19, FY20, FY21 and FY22YTD

ACFS Balance Sheet				
	30/11/21 \$'000	FY21 \$'000	FY20 \$'000	FY19 \$'000
Current Assets				
Cash and cash equivalents	451	487	893	495
Trade and other receivables	177	3,599	2,974	3,778
Inventory	-	-	12	128
Other Assets	4	10	13	1,561
TOTAL CURRENT ASSETS	632	4,097	3,892	5,962
Non-Current Assets				
Other Assets	(8)	(8)	8	8
Related Party Loans	-	1,481	1,861	365
TOTAL NON CURRENT ASSETS	(8)	1,473	1,869	373
TOTAL ASSETS	624	5,570	5,761	6,336
Current Liabilities				
Bank Overdraft and Credit Cards	-	44	1	1
Trade and other payables	1,136	4,455	4,818	5,866
Other liabilities	(6)	-	14	361
Provisions for annual leave	205	567	524	443
TOTAL CURRENT LIABILITIES	1,335	5,066	5,358	6,671
Non-Current Liabilities				
Related Party Loans	731	722	722	722
TOTAL NON CURRENT LIABILITIES	731	722	722	722
TOTAL LIABILITIES	2,066	5,788	6,080	7,394
Net Assets (Liabilities)	(1,442)	(218)	(320)	(1,058)

Balance Sheet

Presented opposite is the Company's balance sheet as at FY19, FY20, FY21 and FY22YTD. Our commentary in respect of each of the key balance sheet items is detailed below.

Current Assets	<ul style="list-style-type: none"> ▶ Between the end of FY21 and appointment a significant amount of debtors were collected however, this had no great impact on cash as the funds were used to address the Company's Trade Creditors. ▶ Cash and Cash Equivalents includes the \$422k term deposit held with Westpac for the Port of Melbourne Lease.
Non-Current Assets	<ul style="list-style-type: none"> ▶ Similarly, related party loans due to the Company as at FY21 were received in the six months before appointment and the funds generated were used to pay the Company's trade creditors.
Current Liabilities	<ul style="list-style-type: none"> ▶ In the six months prior to appointment the Company significantly reduced the trade creditor position by collecting outstanding debtors and outstanding related party loan.
Non-Current Liabilities	<ul style="list-style-type: none"> ▶ The non-current liabilities were not paid down similar to the current liabilities during the six months leading to appointment as these were related party loan amounts owing to a related creditor.

SECTION 11

INVESTIGATIONS



INVESTIGATIONS

Overview

Overview

Pursuant to Section 438A (a) of the Act, we are required to investigate the Company's business, property, affairs and financial circumstances. We are also required to prepare and lodge a report with ASIC if it appears that past or present officers or advisers may have been guilty of an offence in relation to the Company.

Our investigations to date have involved a preliminary review of whether it appears that past or present officers or members may have been guilty of an offence in relation to the Company.

Voidable Transactions

If creditors resolve to place the Company into liquidation, a Liquidator has the ability to take recovery action against various parties that may have received preferential treatment ahead of other creditors. The objective is to recover funds and redistribute the money to creditors. Broadly, these recovery actions include:

- ▶ A payment made to a creditor, in the six (6) month period prior to the appointment of an administrator which is an insolvent transaction of the company (unfair preference);
- ▶ A payment made to a non-related creditor during the two (2) years prior to the appointment of an administrator which is an insolvent transaction and an uncommercial transaction;
- ▶ A payment made to a related creditor in the four (4) years prior to the filing of the appointment of an administrator which is an insolvent transaction and an uncommercial transaction;
- ▶ A payment made to a creditor in the ten (10) years prior to the appointment of an administrator which is fraudulent;
- ▶ An unfair loan whenever made; and
- ▶ A transaction in the twelve (12) months prior to the appointment which involves the transfer or sale of company assets for less than market value, designed to hinder or significantly delay creditors' access to the Company's assets (creditor defeating dispositions).

More detailed information on each of these transactions is available in **Appendix C - ARITA - Creditor Information Sheet - Offences, Recoverable Transactions and Insolvent Trading sheets.**

As with any litigation, the potential amount recoverable is not always known and it is difficult to assess the likely costs that a Liquidator or solicitor may incur in recovering these funds.

Further information in relation to the identified potential voidable transactions is provided on the following pages.

More information would be provided if any recoveries were to be pursued in a liquidation scenario.

INVESTIGATIONS

Unfair preferences, unfair loans, uncommercial transactions and creditor defeating dispositions

Unfair Preferences

A transaction is an unfair preference if it results in a creditor receiving from a company, in respect of an unsecured debt, more than the creditor would receive from the company if the transaction(s) was/were set aside and the creditor was to prove for the debt in the winding up of the company. If the payment(s) to the creditor was/were made within the six (6) months preceding the appointment of the administrator (known as the 'relation back date'), a liquidator can take action to recover funds from the preferred creditor and distribute them according to the order of priority contained in Section 556 of the Act.

Creditors should note that, whilst a liquidator will endeavour to recover any unfair preferences for the benefit of all creditors, there may be statutory defences available pursuant to Section 588FGB of the Act. In addition, the liquidator must establish that the company was insolvent at the time of the transaction.

- Reviewed Bank Statements;
- Review Company Records;
- Review Creditor Correspondence;
- Review Payment Plans;

We have not identified any transactions of this nature to date, however, if appointed as Liquidators at the forthcoming meeting we will conduct further investigations.

Unfair loans

Section 588FD of the Act defines a loan as being unfair if:

- ▶ The interest on the loan was extortionate when the loan was made, or has since become extortionate because of variation; or
- ▶ The charges in relation to the loan were extortionate when the loan was made, or has since become extortionate because of variation.

We have not identified any transactions of this nature to date, however, if appointed as Liquidators at the forthcoming meeting we will conduct further investigations.

Uncommercial Transactions

For an uncommercial transaction to exist at the time of the transaction, it must have the following features:

- ▶ A reasonable person would not have entered into the transaction after taking into account the detriment and benefits to the Company;
- ▶ It was made when the Company was insolvent;
- ▶ It must have been entered into two (2) years or less prior to our appointment as Administrators however, if it was a related entity it may be four (4) years prior to the commencement of the Administration; and
- ▶ The person could have reasonably been aware that the Company was insolvent at the time of the transaction or the person did not provide valuable consideration.

We have not identified any transactions of this nature to date, however, if appointed as Liquidators at the forthcoming meeting we will conduct further investigations.

Unreasonable Director Related Transactions

Payments, the issue of securities, conveyances or other dispositions of property by a company in favour of a director, a relative or a spouse may constitute an unreasonable director related transaction pursuant to Section 588FDA of the Corporations Act, if it may be expected that a reasonable person in the Company's circumstances would not have entered into the transaction.

The Company management accounts as at November 2021 indicated that there was an outstanding loan to ACF Asset Trust for \$350,282. On 1, 2, 3 and 6 December 2021 four lots of \$40,000 were transferred out of the Company's NAB account to what appears to be a bank account controlled by ACF Asset Trust. This may constitute an Unreasonable Director Related Transaction of \$160,000 and the Voluntary Administrators will investigate this further if appointed Liquidators.

If appointed as Liquidators at the forthcoming meeting we will conduct further investigations into this transaction.

INVESTIGATIONS

Unfair preferences, unfair loans, uncommercial transactions and creditor defeating dispositions

Creditor Defeating Dispositions

For a creditor defeating disposition to exist, at the time of the transaction, it must have the following features:

- ▶ It involves the transfer of company assets for less than market value (or the best price reasonably attainable);
- ▶ It was made when the company is insolvent or became insolvent as a result of the transaction; and
- ▶ It occurred in the 12 months before the date of our appointment.

Our preliminary view of the sale between Cargo-Partners and the Company is that it is a fair and reasonable sale. We do not believe a sale undertaken by the Administrators would have received a better result.

We have not identified any transactions of this nature to date, however, if the Company is placed into liquidation, we will investigate further.

INVESTIGATIONS

Insolvent Trading

Overview

Section 558G of the Act provides that it is an offence for a director of a company to allow a company to incur credit at a time when the company is insolvent. Should a director contravene this section, the Liquidator is entitled to commence legal proceedings against them to recover the loss suffered by the company as a result.

A company is considered to be insolvent at the point when it is unable to pay its debts as and when they fall due for payment. Consideration is given to when the debts are commercially due for payment.

Insolvent Trading Overview

Pursuant to Sections 588G and 588M of the Act, a Liquidator may seek to recover from the Directors of the Company, any debt incurred by the Company after a time that a reasonable person would suspect that the Company could not pay its debts as and when they fell due.

Accordingly, the Liquidator needs to determine the likely date the Company became insolvent.

The test for solvency and consequently insolvency is prescribed by Section 95A of the Act which states that:

1. A company is solvent if, and only if, the company is able to pay all the Company's debts, as and when they become due and payable; and
2. A company who is not solvent is insolvent.

This translates into a "cashflow test" of solvency, however, there are a number of other indicators to consider, including an analysis of the Company's balance sheet.

Indicators of Insolvency

We have undertaken our preliminary investigations and our findings are detailed on the following pages.

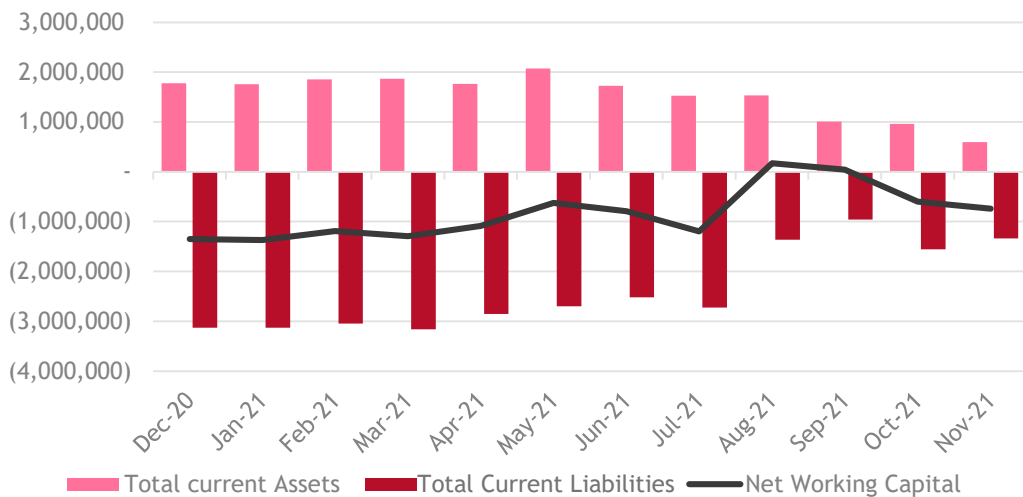
INVESTIGATIONS

Insolvent Trading

Figure 5 - Summarised Balance sheet with liquidity ratio for the period June-18 to Nov-21

	Jun-18	Jun-19	Jun-20	Jun-21	Nov-21
	\$'000	\$'000	\$'000	\$'000	\$'000
Current Assets	6,922	5,962	3,892	4,097	596
Non Current Assets	1,332	373	1,869	1,473	(8)
Current Liabilities	7,041	6,228	5,358	5,066	1,339
Non Current Liabilities	1,802	1,165	722	722	731
Net Assets (Liabilities)	(588)	(1,058)	(320)	(218)	(1,482)
Current Ratio	0.98	0.96	0.73	0.81	0.45

Figure 6 - Working Capital position 12 months to Nov-21



Balance sheet Analysis

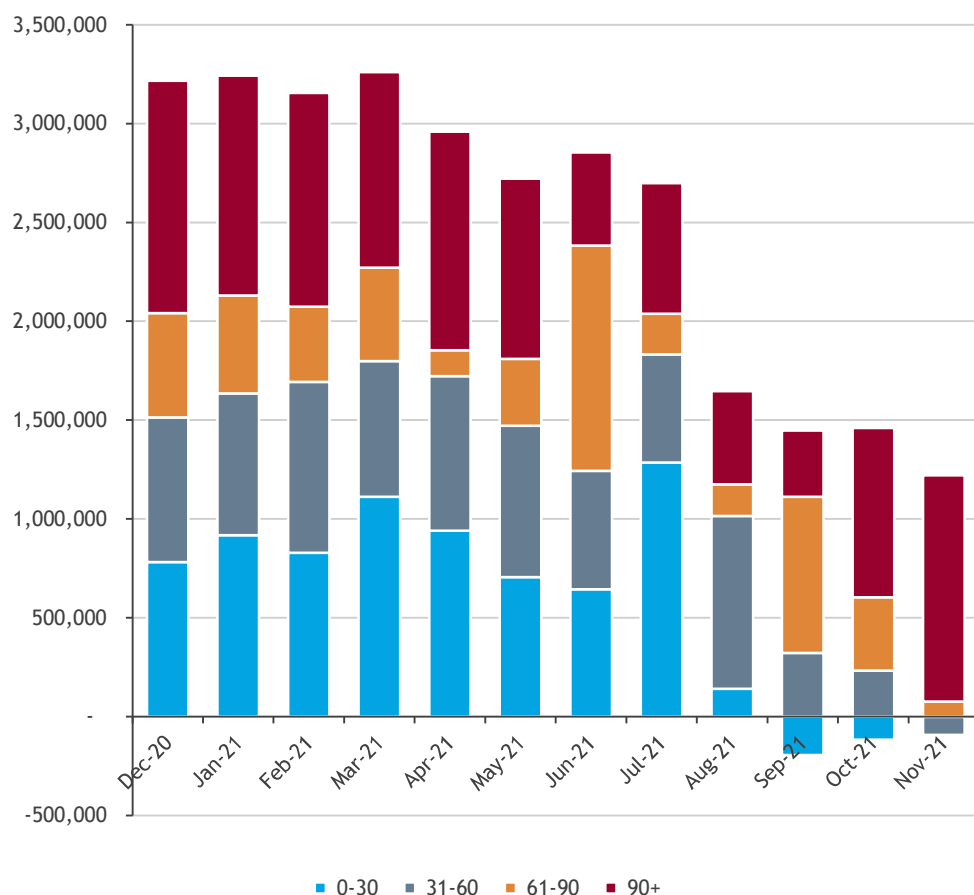
- ▶ Presented opposite is a summarised balance sheet for the period from June 2018 to Nov 21.
- ▶ We have analysed the Company's current ratio, working capital position and net asset position to form a view on the balance sheet solvency of the Company.
- ▶ A current ratio below 1.0 and a negative net current asset position indicates that the Company did not have sufficient liquid assets to meet its current liabilities as and when they fell due without additional financial support.
- ▶ The Company's current ratio has been below 1 since at least June 2018.
 - Along with consistently having a current ratio below 1 and a negative net asset position the Company can be considered to have been balance sheet insolvent in recent years.
 - Creditors should note that the majority of the Company's non-current assets were a related party loan which was repaid during a 5 month period.
 - As a consequence of the related party loan being repaid, the Company was able to significantly reduce their short term liabilities as the business was wound down.
 - Despite the Company being balance sheet insolvent, the Company was able to rely on related parties for funding and as a consequence could manage the business whilst being balance sheet insolvent.

INVESTIGATIONS

Insolvent Trading

Aged Creditor Analysis

Figure 7 - Monthly aged creditors by ageing profile



Ageing of creditors

- ▶ The graph presented opposite highlights the ageing profile of creditors for the period December 2020 to November 2021.
- ▶ Trade creditor balances reduced from \$2.8m at July 2021 to \$1.1m at appointment. This was due the Company calling in a related party loan of \$1.5m due to them over this same period. The funds received were used to pay down outstanding creditors.
- ▶ The Company used funds from the recovery of Accounts Receivable to reduce their Trade Creditor payables as the business was wound down.

Statutory creditors

- ▶ The Directors' ROCAP indicated that \$125k remains outstanding to the ATO, the majority of which is outstanding GST. The ATO are yet to provide a Proof of Debt form so full details on the Company's tax liabilities are to be confirmed.
- ▶ The Company has had historical issues with its tax liabilities as in 2020 the Company was subject to a payment plan with the ATO to reduce a liability of \$527k as at October 2020. This amount was subsequently paid down over the course of an 8 month period and appears to have been brought under control for the remainder of the trading period.
- ▶ Even though the Company made net profits in 2021 and 2020, no income tax was due as prior year losses were applied.
- ▶ The Directors' ROCAP advised that \$4,650 of superannuation remains outstanding as at appointment. Super records have yet to be received however, the nominal super outstanding indicates that the Company was not significantly behind in employee super contributions.

INVESTIGATIONS

Insolvent Trading

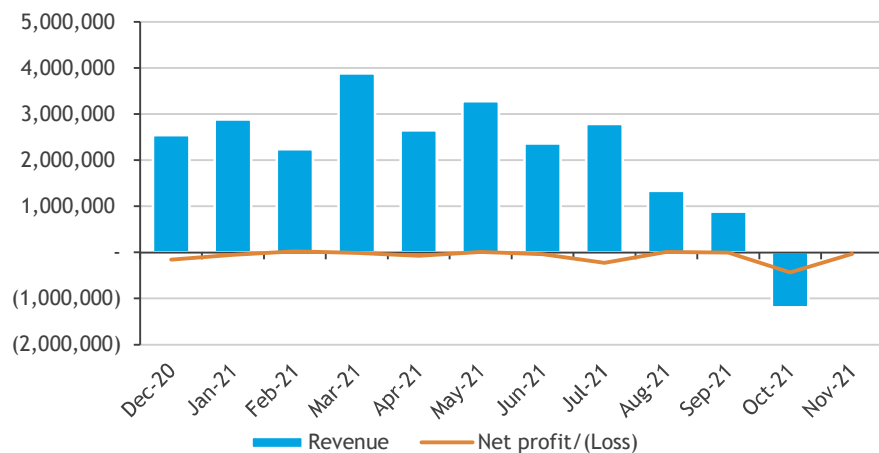
Historical Trading Performance

- ▶ Presented below is a summarised monthly profit and loss for the Company for the 12 months to November 2021 to demonstrate the final months trading performance.
- ▶ The cumulative net profit for the three prior financial years FY19-FY21 was \$805,639, with only a small loss being made in FY19.
- ▶ In FY21 the Company's gross profit margin more than halved however, the Company was able to produce a net profit for that year having exited the Brisbane premises and subleasing part of the Melbourne premises.
- ▶ As can be noted below, the Company's revenues declined from March 2021 and upon the sale of the business in August 2021 reduced significantly as the business was wound down.
- ▶ In October 2021, the Company recorded negative revenue as \$1.8m of work in progress was written off.

Access to Funding/Ability to Raise Capital

- ▶ Although the Company was balance sheet insolvent from at least 30 June 2018, the Company had access to funding from related parties, namely ACF Australia.
- ▶ At appointment there is still approximately \$525k outstanding to this related party. No payments were made in the lead up to appointment.
- ▶ The Company previously had a debtor finance facility with Westpac, however this was closed in late 2021 as the business was wound down.

Figure 9 - Summarised Monthly Profit and Loss for the 12 months to Nov-21



INVESTIGATIONS

Insolvent Trading

Indicators of Insolvency

The precedent case for determining the solvency of a company is set out in *ASIC v Plymin & Ors (2003) 46 ASCR 126* (commonly referred to as the “Water Wheel case”), where Justice Mandy of the Supreme Court of Victoria referred to the following checklist of 14 indicators of insolvency:

1. Continuing losses
2. Liquidity ratios below 1
3. Overdue Commonwealth and State taxes
4. Poor relationship with present Bank, including inability to borrow further funds
5. No access to alternative finance
6. Inability to raise further equity capital
7. Suppliers placing the company on COD, or otherwise demanding special payments before resuming supply
8. Creditors unpaid outside trading terms
9. Issuing of post-dated cheques
10. Dishonoured cheques
11. Special arrangements with selected creditors
12. Solicitors’ letters, summons[es], judgments or warrants issued against the company
13. Payments to creditors of rounded sums which are not reconcilable to specific invoices
14. Inability to produce timely and accurate financial information to display the company’s trading performance and financial position, and make reliable forecasts.

Indicators identified

Our preliminary investigations have identified the following indicators of insolvency:

1. Continuing monthly losses for at least 12 months prior to appointment
2. Liquidity Ratio below 1 from at least 30 June 2018
3. Historical overdue State and Commonwealth Taxes which previously needed repayment arrangements
8. Large number of creditors unpaid or paid outside trading terms.
11. Payment plans entered into with the ATO and landlord of Melbourne property
12. Letter of demand received from creditors solicitor

Set out on the following page are our findings from our preliminary investigations.

INVESTIGATIONS

Insolvent Trading

Area	Analysis	Commentary
Profitability	<i>Net profit/loss</i>	The Company made cumulative net profits of \$805,639 for the years FY19-FY21, see Figure 1 . However when reviewing the last 12 months of trading to November 2021, the Company made net losses in all but 3 months in the 12 month as per Figure 8 .
Balance sheet	<i>Current ratio</i> <i>Net working capital</i>	The Company's liquidity (current) ratio was consistently less than 1 for the period 1 July 2018 to appointment of the Liquidators as can be seen in Figure 5 . Figure 6 demonstrates that the Company consistently did not have sufficient current assets to meet its short term liabilities. The majority of the Company's cash was tied up in term deposits and receivables which were historically not paid inside normal trading terms.
Creditors	<i>Aged creditors ledger</i>	In the 12 months to November 2021 on average 58% of creditors were aged over 60+ days. This indicates the Company consistently stretched its trade creditor terms to manage its cash flow. Figure 7 provides analysis on the ageing creditors of the Company. At appointment almost all creditors were aged over 90+ days. As the Company sold its business on 1 August 2021, its ability to generate cash severely declined and consequently a related party loan was called in and the funds received were used to continue trading and to meet immediate creditor payments hence the significant reduction of creditors aged between 0-60 days at appointment.
Overdue Taxes	<i>ATO</i>	In October 2020 the Company had outstanding ATO liabilities of \$526,809 and consequently were placed on a payment arrangement to repay this debt over an 8 month period. The Company has outstanding debts to the ATO of approximately \$125k.
Solicitors letters, summons, judgements	<i>Company records and discussions with directors</i>	The Company was sent two letters of demand prior to appointment. One was received from the solicitors of Inchcape Shipping Services Pty Limited, a supplier in October 2021. The second letter of demand was from the Sydney landlord, Transport and Forwarding Services Pty Ltd, in December 2021. The Company was placed into Administration before any proceedings took place.

INVESTIGATIONS

Insolvent Trading

Conclusion

- ▶ From our investigations, the Company was insolvent from 1 August 2021, if not earlier.
- ▶ On 1 August 2021, the Company sold the remaining business to Cargo-Partner Logistics Pty Ltd and this restricted their ability to meet obligations of creditors.
- ▶ It should also be noted that any claim for insolvent trading against the Directors needs to be assessed on commercial grounds taking into account the costs to pursue such a claim and the Directors' ability to meet any claim.

Possible Defences

- ▶ There are potential defences available to the Directors pursuant to Section 588H Act in respect of insolvent trading, summarised as follows:
 1. When the debt was incurred the Directors had reasonable grounds to expect that the Company was solvent and would remain so even if the debt was incurred (Section 588H(2));
 2. When the debts were incurred the Directors had reasonable grounds to believe, and did believe, that a competent and reliable person was providing adequate information about the Company's solvency to the Directors and based on that information the Directors expected the Company to be solvent and remain so (Section 588H(3));
 3. The Directors did not take part in the management of the Company at the time due to illness or other good reason (Section 588H (4)); and
 4. The Director took reasonable steps to prevent the Company from incurring the debt (Section 588H(5)).
- ▶ As the Directors called in a related party loan in early FY22, they were able to pay debts incurred during this period and prepare the Company for winding up. The Directors may be able to rely on a defence that they took reasonable steps to prevent the Company from incurring debt.

Directors' personal position

As part of the Liquidators' investigations, information in relation to the personal asset position of the Directors may be sought to determine the commerciality of pursuing such an action. As at the date of this report we have not requested a detailed personal asset position of the Directors.

Further investigations may including public examination of the two directors to determine their personal asset position, any defences they may have and the preparation of an expert witness solvency report would be required. The costs to undertake these tasks could be substantial.

Pursuant to section 588R of the Act, a creditor may, with the consent of the Liquidators, commence proceedings under section 588M to pursue a Director for an insolvent trading claim. If any creditor wishes to commence proceedings under section 588M, please contact our office within 14 days of the date of this report.

As at the date of this report we have not requested a detailed personal asset position of the Directors. If appointed liquidators we will further assess the Directors' personal asset position in preparing a potential insolvent trading claim.

INVESTIGATIONS

Director Duties Trading

Overview

Pursuant to the Act, the duties of the Directors include, but are not limited to, the following:

Section	Duty
180	Exercise a reasonable degree of care and diligence in the exercise of his or her powers and discharge of duties.
181	Act in good faith in the exercise of his or her powers and discharge of duties.
182	Not make improper use of position as an officer, to gain, directly or indirectly, an advantage for himself or herself or for any other person, or to cause detriment to the corporation.
183	Not make improper use of information acquired by virtue of position, to gain, directly or indirectly, an advantage for himself or herself or for any other person, or to cause detriment to the corporation.
184	Not act recklessly or with intentional dishonesty in failing to exercise duties in good faith, for a proper purpose. Not use information dishonestly to gain advantage or cause detriment.
191	Disclose interest in contract or proposed contract with company or to disclose office or property held which might create interests in conflict with his interests as director.

Potential Breaches of Director Duties

Based on our preliminary investigations, we have not identified any potential breaches of the Act by the Directors.

However, if we are appointed Liquidators of the Company, further investigations into compliance with director duties will be undertaken.

SECTION 12

RECEIPTS AND PAYMENTS



RECEIPTS AND PAYMENTS

Overview

The Administrators' receipts and payments for the period 22 December 2021 to 31 January 2022 is detailed opposite.

	\$
Receipts	
Cash at bank	3,501
Pre-appointment debtors	9,969
Funds received in error	7,392
Total Receipts	20,862
Payments	
Wages & Salaries	6,821
Less: PAYG Withheld	(1,255)
Less: Superannuation Withheld	(661)
Total Payments	4,904

SECTION 13

DEED OF COMPANY ARRANGEMENT PROPOSAL



DOCA PROPOSAL

Overview

A DOCA proposal was received from Andrew Hurt and Peter Wrigley on 31 January 2022. A copy of the DOCA proposal is attached as **Appendix D**.

The key terms of the DOCA proposals are outlined in the table below:

Category	Commentary
Deed Proponent	Andrew Hurt and Peter Wrigley, the directors and shareholders of the Company.
Deed Administrators	The Administrators will be the Deed Administrators, Duncan Clubb and Jeffrey Marsden. The Deed Administrators will have all the necessary powers to administer the DOCA.
Purpose of DOCA	The DOCA has been proposed for the following reason: <ul style="list-style-type: none">▶ Providing a better return to unsecured creditors of the Company than they would receive in a liquidation.
Deed Administrators' Remuneration	To be drawn on a time cost basis in accordance with approval from creditors
Secured Creditor	Subject to 444D of the Corporations Act, any secured creditor will not be bound by the terms of the DOCA.
Related Party loans	Related Party loans between the ACF Asset Trust and the Company are to be excluded (i.e. will not lodge a claim)
Order of Priority for Distribution	The Deed Fund will be distributed in the following priority: <ul style="list-style-type: none">▶ Costs of the Voluntary Administrators' approved remuneration and disbursements, cost of conduct of administration of the DOCA, including the Deed Administrators' approved remuneration and disbursements;▶ Payment of employee claims, in satisfaction of any claim that would have been entitled to be paid in priority to the payment of other unsecured claims pursuant to section 433 and sections 556(1)(e), (g) or (h) of the Act;▶ Distribution to unsecured creditors.
Releases	Upon effectuation of the DOCA, Participating Creditors must accept their entitlement under the DOCA in full settlement of all claims against the Company as at the Voluntary Administration Appointment Date in complete discharge and release of any and all claims which they may have against the Company.
Extinguishment of Claims	Following effectuation of the DOCA, all creditor claims will be deemed to be satisfied
Completion	Subject to the Termination as per below, the DOCA will be effectuated upon completion of a dividend by the Deed Administrators to Participating Creditors.
Termination of DOCA	If the Company or Directors are unable to comply with any of the fundamental provisions of the DOCA including payment of Directors Contribution and/or the Deed Administrators form the view that the Company or Directors are unlikely to be able to comply with the terms of the DOCA, then the Deed Administrators must convene a meeting of the Company's creditors at which creditors may resolve to: <ul style="list-style-type: none">a) Vary the DOCA; orb) Terminate the DOCA and wind up the Company appointing the Deed Administrators as the Liquidators.

DOCA PROPOSAL

Administrators' Commentary

We have undertaken an analysis of the DOCA proposal and the impact it will have on creditor claims.

Set out below is our commentary in respect of the DOCA proposal:

- ▶ Fundamentally, the only difference between the DOCA proposal and a liquidation scenario is that the related party unsecured creditors will not claim in the DOCA. This has the effect of reducing the creditor pool, thereby increasing the dividend payable to the participating creditors. The Directors do not propose to make any additional contributions, therefore, the asset realisations in both scenarios will be the same.
- ▶ The DOCA provides a higher return to unsecured creditors than they would receive in a liquidation scenario, driven by the following:
 - The exclusion of \$1,283,500 in unsecured claims associated with related party loans.
- ▶ Whilst there is no additional contribution to the Deed Fund by the Directors, related parties not claiming in the DOCA is significant enough to result in a substantially improved return to unsecured creditors.
- ▶ It should be noted that FEG will not be available to priority creditors in the event that the DOCA proposal is accepted. However, we envisage that there will be sufficient asset realisations in the DOCA to allow for a dividend of 100 cents in the dollar to priority creditors.

Accordingly, it is our view that the DOCA provides for a higher return to unsecured creditors and is therefore in the best interests of creditors to resolve to execute the DOCA. Further analysis of the DOCA proposal and the estimated return to creditors when compared to liquidation is conducted in the following section of this report.

SECTION 14

ESTIMATED RETURN TO CREDITORS



ESTIMATED RETURN TO CREDITORS

Overview

A detailed Estimated Outcome Statement is attached as **Appendix E**, together with explanatory notes. We estimate a return to creditors as presented opposite:

Factors Influencing the Estimated Return

There are a number of factors that will influence the estimated return, including:

- ▶ The recoverability of the Company's debtor book;
- ▶ The financial performance of Cargo-Partner Logistics Pty Ltd for FY22 in order to realise the contingent asset;
- ▶ Value realised for the sale of PPE;
- ▶ The identification of any insolvent trading or voidable transaction claims in a liquidation scenario only; and
- ▶ Final adjudicated value of the unsecured creditors.

Fundamentally, it is the Administrators' view that the estimated return presented in the table opposite is a reasonable estimate based on available information and the current position.

EOS Summary	DOCA Scenario		Liquidation Scenario	
	Estimate - Low \$'000	Estimate - High \$'000	Estimate - Low \$'000	Estimate - High \$'000
Total potential recoveries	616	1,356	616	1,356
Total VA Costs	(180)	(180)	(195)	(195)
Net Balance Available to Priority Creditors	436	1,176	421	1,161
Priority Creditors	(41)	(41)	(41)	(41)
Total Non-Circulating Assets	25	32	25	32
Total Assets Available	421	1,167	406	1,152
Estimated Deed Administrators' Remuneration	(35)	(35)	-	-
Estimated Liquidators' Remuneration	-	-	(40)	(40)
Total Assets Available to Secured Creditor	386	1,132	366	1,112
Secured Creditor	161	161	161	161
Net Surplus/(Shortfall) Available to Unsecured Creditors	225	971	205	951
Liquidation Recoveries	-	-	-	160
Total Amount Available to Unsecured Creditors	225	971	205	1,111
Total Unsecured Creditors	1,579	1,579	2,862	2,862
Estimated Return to Unsecured Creditors (c/\$)	14	62	7	39

SECTION 15

OPTIONS AVAILABLE TO CREDITORS & ADMINISTRATORS' RECOMMENDATION



OPTIONS AVAILABLE TO CREDITORS

Overview

At the next meeting of creditors to be held on 9 February 2022, creditors are being asked to choose between one of the following options:

1. Cessation of the administration;
2. Winding up of the Company; or
3. Execute a Deed of Company Arrangement.

Cessation of the Administration

The Company is insolvent and unable to pay its debts as and when they fall due. No grounds have materialised which would enable the Company to benefit from a return of control to the Directors at the conclusion of the second meeting of creditors.

This option would only be appropriate if the Company had been returned to solvency prior to the date of the second meeting of creditors. This has not occurred and therefore it is not recommended by the Administrators.

Winding up of the Company

Should creditors resolve that the administration be terminated and that the Company be wound up, creditors are required to appoint a liquidator(s). If an appointment is not made by the creditors, the Administrators become the liquidators of the Company pursuant to Section 446A of the Act.

If the Company is to be wound up and another practitioner consents to act as liquidator, creditors have the option to appoint a replacement liquidator.

The liquidators would have a statutory obligation to fully investigate the Company's affairs and the conduct of its officers. The results of these investigations would be reported to the ASIC.

If the Company is to enter into liquidation, the net proceeds (after costs) recovered from transactions such as unfair preferences and insolvent trading would be available for distribution to creditors.

Deed of Company Arrangement

The proposed Deed of Company Arrangement (DOCA) has the potential to improve the return to unsecured creditors from 7 to 39 cents in the dollar (in a liquidation scenario) to 14 to 62 cents in the dollar (in a DOCA scenario).

The estimated return in the DOCA is substantially greater than the return available in liquidation.

Consequently, we recommend creditors accept the Deed of Company Arrangement proposal.

ADMINISTRATORS' RECOMMENDATION

Administrators' Recommendation

It is our opinion that it would be in the best interests of creditors of the Company to accept the proposed Deed of Company Arrangement.

Reasons for Recommendation

The reasons for our recommendation to accept the Deed of Company Arrangement proposal are:

- ▶ The estimated return to creditors in a DOCA scenario is higher than the liquidation scenario;
- ▶ The Company is insolvent so it is not appropriate to return control of the Company to the Directors;
- ▶ The DOCA excludes material unsecured related party loans which will otherwise have a significant impact on a dividend to creditors in a liquidation scenario;
- ▶ Based on our preliminary investigations, we have not identified any potential claims that would provide a material return to creditors of the Company in a liquidation scenario;
- ▶ Professional costs are anticipated to be lower in a DOCA scenario as the Deed Administrators' primary role is to adjudicate on creditor claims and administer the Deed Fund; and
- ▶ If the DOCA fails for any reason, the Company can be placed into liquidation and potential transactions identified in this report can be further investigated and pursued if appropriate.

SECTION 16

ADMINISTRATORS' REMUNERATION



ADMINISTRATORS' REMUNERATION

Administrators' Remuneration

The Administrators are seeking approval of their remuneration and disbursements, as follows:

Remuneration	\$ (excl. GST)
Voluntary Administration - 22 December 2021 to 31 January 2022	83,121.50
Voluntary Administration - 1 February 2022 to 9 February 2022	10,000.00
Voluntary Administration - 9 February 2022 to the signing of the DOCA (if applicable)	5,000.00
Total Remuneration for the Voluntary Administration	98,121.50
Deed Administrators - Execution of the DOCA to the conclusion of the DOCA (if applicable)	35,000.00
Total Remuneration for the DOCA	35,000.00
Liquidators - 9 February 2022 to the conclusion of the winding up	40,000.00
Total Remuneration for the Liquidation	40,000.00

Please refer to the Administrators' Remuneration Approval Report attached as **Appendix F** for further details on the Administrators' tasks performed, remuneration incurred, further remuneration to be incurred, costs to complete and the impact on creditors.

Subject to creditor approval, the remuneration approved for the Company at the forthcoming meeting will be drawn from the Company's available funds and asset realisations. Should the Company have insufficient funds to meet our approved remuneration, we will not be able to draw our remuneration and subsequently, these costs will be written off.

If the above remuneration is not approved, the Administrators may apply to court for approval. This will involve additional professional and legal costs being incurred for which the Administrators are entitled to recover from the administration.

SECTION 17

SECOND MEETING OF CREDITORS



SECOND MEETING OF CREDITORS

Notice of Meetings

We have convened the second meeting of creditors to decide the Company's future to be held at:

Meeting Details	
Date	9 February 2022
Time	11:00 AM (AEDT)
Venue	via online Webinar

The purpose of this meeting is to resolve:

- ▶ The future of the Company;
- ▶ Resolutions in respect of the Administrators' fees and disbursements;
- ▶ Resolutions in respect of future fees and disbursements; and
- ▶ Any other business considered relevant.

Minutes of the meeting are lodged with ASIC after the meeting but are available from the Administrators on request.

Proof and Proxy

This report includes:

- ▶ Notice of Meeting.
- ▶ Form 535, Proof of Debt (Proof). A person is not entitled to vote at the meeting unless this form is lodged with the Administrators or the Chairperson. If you have lodged a Proof previously in the administration, no further Proof is required for this meeting.
- ▶ Appointment of Proxy (Proxy). A creditor may use this form to appoint a natural person over the age of 18 as his or her proxy to attend and vote at the meeting. A new Proxy form is required for this meeting. This means, that even if you lodged a Proxy with the Administrators/Chairperson at the previous meeting, a new Proxy will be required for this meeting if you wish to cast your vote.

If you would like assistance with completing your Proof or Proxy, please contact Ryan Davies of this office on (02) 9240 9718 prior to attending the meeting of creditors.

It is requested that your Proxy be lodged with this office before 4:00PM (AEDT) on 8 February 2022.

SECOND MEETING OF CREDITORS

Voting

Given the meeting is to be conducted virtually, all voting will be conducted by poll where a majority in number and value is required. In a deadlock the Chairperson may exercise his or her casting vote for, or against, the resolution.

Creditors who are directors or related entities are not excluded from voting.

A creditor, or the creditor's Proxy, is not entitled to vote at the meeting unless particulars of the debt or claim which is said to be due by the Company, has been lodged with the chairperson of the meeting.

COVID-19

Please note due to the current COVID-19 pandemic, it is not viable or appropriate to hold a physical meeting of creditors, as such the meeting will be held via an online webinar.

Any creditor wishing to attend the webinar will need to ensure their documentation (including a proof of debt form, proxy and alternate contact details) has been submitted to the Administrators' office by 4:00pm on **8 February 2022**. A link to the meeting will be provided upon receipt of the relevant documents.

Should any creditor wish to object to this arrangement they are invited to do so prior to the meeting, however at this time the Administrators feel this is the safest and most equitable way of conducting the meeting.

All resolutions put to the meeting will be circulated to the creditors present at the meeting to confirm that they have been validly resolved, in accordance with the current ASIC requirements.

SECTION 18

CONCLUSION



CONCLUSION

Summary

The Company is insolvent and unable to pay its debts as and when they fall due. No grounds have materialised which would enable the Company to benefit from a return of control to the director at the conclusion of the second meeting.

The DOCA proposal provide for a higher return to unsecured creditors than the return expected in a liquidation scenario.

If additional information is provided which materially alters an opinion expressed in this report a supplementary report will be issued prior to the meeting.

We welcome any information which creditors feel may be of assistance in the conduct of the administration.

Should any creditor require further information regarding the matters raised in this report, please do not hesitate to contact Ryan Davies of this office on (02) 9240 9718 or ryan.davies@bdo.com.au .

Electronic Communications

If you would like to receive all communications electronically, please send an email to: ryan.davies@bdo.com.au . The request will remain active until you provide us with further instructions to the contrary. Please alert us if you change your email address or postal address.

Commitment to Client Service

BDO's policy is to conduct files to the highest ethical and professional standards.

BDO adheres to the codes of conduct prescribed by the adheres to the codes of conduct prescribed by Chartered Accountants Australia & New Zealand, AFSA, ARITA and INSOL the International Federation of Insolvency Professionals.

If creditors have any questions, queries or complaints concerning the conduct of this administration please direct them to this office.

If you are dissatisfied with a decision made by the appointee, you may ask the appointee to review his decision or explain their reasons. If you are still not satisfied it may be necessary for an application to court to have the decision reviewed. In this instance it is recommended that you seek your own independent legal advice.

In the event that you are not satisfied with our handling of your query you may refer your complaint to the ASIC.

In an effort to improve our standards and the quality of information that you receive, we welcome your feedback. You can submit feedback anonymously in writing to this office or by email on info@bdo.com.au.

SECTION 19

APPENDICES

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APPENDIX A

Statutory Information

Statutory records

The statutory information about the Company is detailed in the table opposite. The information has been sourced from searches of the ASIC national database and the PPSR at the time of our appointment.

Associated Customs & Forwarding Services Pty Ltd

A.C.N.	103 098 577
A.B.N.	79 103 098 577
Registered Office	ALTUS FINANCIAL PTY LTD LEVEL 12 10-14 SPRING STREET SYDNEY NSW 2000`
Principle Place of Business	11 BUMBORAH POINT ROAD PORT BOTANY NSW 2036
Directors	ANDREW HURT (APPOINTED 09/12/2002) PETER WRIGLEY (APPOINTED 03/05/2004)
Share Structure	100 ORDINARY SHARES AT \$1/SHARE
Shareholders	ANDREW HURT (50 ORDINARY SHARES) PETER WRIGLEY (50 ORDINARY SHARES)

APPENDIX B

PPS Registrations

Secured Party	Collateral Class	Collateral Description	Registration Date
UNITED EQUIPMENT PTY LIMITED	Motor vehicle	All Equipment & Parts sold / rented / loaned or otherwise provided to the Grantor by the Secured Party.	3/04/2013
SEALED AIR AUSTRALIA PTY LIMITED	Other goods	All goods, equipment and other personal property sold, leased, hired or otherwise supplied by the secured party, including but not limited to chemicals, packaging and related products.	6/12/2013
WESTPAC BANKING CORPORATION	All PAP with exceptions	Except any personal property of the grantor which is not from time to time subject to a security agreement in favour of the secured party. It will be a breach of the security agreement if certain dealings in the collateral (including selling or leasing it) occur without the secured party's consent.	23/12/2015
BOQ ASSET FINANCE & LEASING PTY LTD	Other goods	Avaya IP500 Phone System	16/02/2016
UNITED RENTALS AUSTRALIA PTY LTD	Other goods	All goods supplied by the secured party to the grantor including but not limited to containers, ancillary equipment and related goods.	21/11/2016
Komatsu Forklift Australia Pty Ltd	Motor vehicle	None listed	16/06/2017
Komatsu Forklift Australia Pty Ltd	Other goods	All Equipment, Parts and Consumables supplied by the secured Party to the Grantor	9/04/2018
MACQUARIE LEASING PTY LTD	Motor vehicle	None listed	17/04/2018
UNITED EQUIPMENT PTY LIMITED	Other goods	All Equipment & Parts sold / rented / loaned or otherwise provided to the Grantor by the Secured Party.	10/03/2020
Peter Francis Wrigley Andrew Charles Hurt	All PAP	None listed	17/12/2021

APPENDIX C

ARITA & ASIC Information Sheets

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Creditor Information Sheet

Offences, Recoverable Transactions and Insolvent Trading



Offences

A summary of offences under the Corporations Act that may be identified by the administrator:

180	Failure by company officers to exercise a reasonable degree of care and diligence in the exercise of their powers and the discharge of their duties.
181	Failure to act in good faith.
182	Making improper use of their position as an officer or employee, to gain, directly or indirectly, an advantage.
183	Making improper use of information acquired by virtue of the officer's position.
184	Reckless or intentional dishonesty in failing to exercise duties in good faith for a proper purpose. Use of position or information dishonestly to gain advantage or cause detriment. This can be a criminal offence.
198G	Performing or exercising a function or power as an officer while a company is under administration.
206A	Contravening a court order against taking part in the management of a corporation.
206A, B	Taking part in the management of corporation while being an insolvent, for example, while bankrupt.
206A, B	Acting as a director or promoter or taking part in the management of a company within five years after conviction or imprisonment for various offences.
209(3)	Dishonest failure to observe requirements on making loans to directors or related companies.
254T	Paying dividends except out of profits.
286	Failure to keep proper accounting records.
312	Obstruction of an auditor.
314-7	Failure to comply with requirements for the preparation of financial statements.
437D(5)	Unauthorised dealing with company's property during administration.
438B(4)	Failure by directors to assist administrator, deliver records and provide information.
438C(5)	Failure to deliver up books and records to the administrator.
588G	Incurring liabilities while insolvent
588GAB	Officer's duty to prevent creditor-defeating disposition
588GAC	A person must not procure a company to make a creditor-defeating disposition
590	Failure to disclose property, concealed or removed property, concealed a debt due to the company, altered books of the company, fraudulently obtained credit on behalf of the company, material omission from Report as to Affairs or false representation to creditors.
596AB	Entering into an agreement or transaction to avoid employee entitlements.

Recoverable Transactions

Preferences

A preference is a transaction, such as a payment by the company to a creditor, in which the creditor receiving the payment is preferred over the general body of creditors. The relevant period for the payment commences six months before the commencement of the liquidation. The company must have been insolvent at the time of the transaction, or become insolvent because of the transaction.

Where a creditor receives a preference, the payment is voidable as against a liquidator and is liable to be paid back to the liquidator subject to the creditor being able to successfully maintain any of the defences available to the creditor under the Corporations Act.

Creditor-defeating disposition

Creditor-defeating dispositions are the transfer of company assets for less than market value (or the best price reasonably obtainable) that prevents, hinders or significantly delay creditors' access to the company's assets in liquidation. Creditor-defeating dispositions are voidable by a liquidator.

Uncommercial Transaction

An uncommercial transaction is one that it may be expected that a reasonable person in the company's circumstances would not have entered into, having regard to the benefit or detriment to the company; the respective benefits to other parties; and any other relevant matter.

To be voidable, an uncommercial transaction must have occurred during the two years before the liquidation. However, if a related entity is a party to the transaction, the period is four years and if the intention of the transaction is to defeat creditors, the period is ten years. The company must have been insolvent at the time of the transaction, or become insolvent because of the transaction.

Unfair Loan

A loan is unfair if and only if the interest was extortionate when the loan was made or has since become extortionate. There is no time limit on unfair loans – they only must be entered into before the winding up began.

Arrangements to avoid employee entitlements

If an employee suffers loss because a person (including a director) enters into an arrangement or transaction to avoid the payment of employee entitlements, the liquidator or the employee may seek to recover compensation from that person or from members of a corporate group (Contribution Order).

Unreasonable payments to directors

Liquidators have the power to reclaim '*unreasonable payments*' made to directors by companies prior to liquidation. The provision relates to payments made to or on behalf of a director or close associate of a director. The transaction must have been unreasonable, and have been entered into during the 4 years leading up to a company's liquidation, regardless of its solvency at the time the transaction occurred.

Voidable charges

Certain charges over company property are voidable by a liquidator:

- circulating security interest created within six months of the liquidation, unless it secures a subsequent advance;
- unregistered security interests;
- security interests in favour of related parties who attempt to enforce the security within six months of its creation.

Insolvent trading

In the following circumstances, directors may be personally liable for insolvent trading by the company:

- a person is a director at the time a company incurs a debt;
- the company is insolvent at the time of incurring the debt or becomes insolvent because of incurring the debt;
- at the time the debt was incurred, there were reasonable grounds to suspect that the company was insolvent;
- the director was aware such grounds for suspicion existed; and
- a reasonable person in a like position would have been so aware.

The law provides that the liquidator, and in certain circumstances the creditor who suffered the loss, may recover from the director, an amount equal to the loss or damage suffered. Similar provisions exist to pursue holding companies for debts incurred by their subsidiaries.

A defence is available under the law where the director can establish:

- there were reasonable grounds to expect that the company was solvent and they did so expect;
- they did not take part in management for illness or some other good reason; or
- they took all reasonable steps to prevent the company incurring the debt.

The proceeds of any recovery for insolvent trading by a liquidator are available for distribution to the unsecured creditors before the secured creditors.

Important note: This information sheet contains a summary of basic information on the topic. It is not a substitute for legal advice. Some provisions of the law referred to may have important exceptions or qualifications. This document may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances.

Queries about the voluntary administration should be directed to the administrator's office.



ASIC
Australian Securities &
Investments Commission

Insolvency information for directors, employees, creditors and shareholders

This information sheet (INFO 39) lists ASIC's information sheets for directors, employees, creditors and shareholders affected by a company's insolvency.

We have produced these with endorsement from the Australian Restructuring Insolvency & Turnaround Association (ARITA).

The information sheets give a basic understanding of the three most common company insolvency procedures – liquidation, voluntary administration and receivership – as well as the independence requirements for external administrators and approving external administrator remuneration. There is also a glossary of commonly used insolvency terms.

List of information sheets

- [INFO 41](#) Insolvency: A glossary of terms
- [INFO 42](#) Insolvency: A guide for directors
- [INFO 43](#) Insolvency: A guide for shareholders
- [INFO 45](#) Liquidation: A guide for creditors
- [INFO 46](#) Liquidation: A guide for employees
- [INFO 54](#) Receivership: A guide for creditors
- [INFO 55](#) Receivership: A guide for employees
- [INFO 74](#) Voluntary administration: A guide for creditors
- [INFO 75](#) Voluntary administration: A guide for employees
- [INFO 84](#) Independence of external administrators: A guide for creditors
- [INFO 85](#) Approving fees: A guide for creditors

Where can I get more information?

Further information is available from the [ARITA website](#). The ARITA website also contains the [ARITA Code of Professional Practice for Insolvency Practitioners](#).

This is **Information Sheet 39 (INFO 39)** updated on 1 September 2017. Information sheets provide concise guidance on a specific process or compliance issue or an overview of detailed guidance.

APPENDIX D

DOCA Proposal

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DOCA PROPOSAL

Associated Customs & Forwarding Services Pty Ltd ACN 103 098 577 (“Company”)

DOCA Summary		
1	Deed Administrator	Duncan Clubb and Jeffrey Marsden C/- BDO, Level 11, 1 Margaret Street, SYDNEY NSW 2000 (Deed Administrators) who will be responsible for administering the deed and reporting to creditors on the progress of the administration.
2	Parties	(a) Andrew Charles Hurt and Peter Francis Wrigley (Directors); (b) the Company; and (c) the Deed Administrators.
3	Participating Creditors	All creditors with claims against the Company as at the VA Appointment Date (i.e. 22 December 2021) (other than any Excluded Creditors) will be bound by the DOCA (Participating Creditors).
4	Excluded Creditors	Related party creditors (including the Directors) [to the extent of \$1,283,500.00 will not receive a dividend in the DOCA (Excluded Creditors). Excluded Creditors will defer all of their claims against the Company, such claims will be reinstated on effectuation/completion of the DOCA. Excluded Creditors will still be able to vote for any of their claims at meetings of creditors of the Company during the DOCA period.
5	Property available to pay creditor claims	All property of the Company (Available Assets).
6	Deed Fund	The Deed Fund for the Company is to be comprised of the Available Assets together with contributions by the Directors as per the Agreement of Sale of Business with Cargo Partner Logistics Pty Ltd being the final payment paid to the Directors under the Agreement (Directors Contribution) but that amount is refundable if the DOCA is not approved by creditors, not executed by all parties or goes into liquidation.
7	Operational Conditions	Unless waived by the Deed Administrators in their absolute discretion, the Directors Contribution must be received by the Deed Administrators within 14 days of the date of execution of the DOCA.
8	Distribution of the Deed Fund	The order of distribution will follow division 6 of Part 5.6 of the Corporations Act as follows: (a) first, payment of the voluntary administrators liabilities, expenses and remuneration including as deed administrators. (b) second, employee entitlements afforded a priority by section 556, 560 or 561 of the Act;

		<p>(c) third, general unsecured creditors; and</p> <p>(d) fourth, any balance returned to the Company.</p>
9	Effect of deed on Secured Creditors	Subject to section 444D of the Corporations Act, any secured creditors will not be bound by the terms of the DOCA.
10	Release of claims by Participating Creditors against the Company	Upon effectuation of the DOCA, Participating Creditors must accept their entitlement under the DOCA in full settlement of all claims against the Company as at the date the VA Appointment Date in complete discharge and release of any and all claims which they may have against the Company.
11	Effectuation/ Termination of DOCA	<p>(a) Subject to paragraph (b) below, the DOCA will be effectuated/terminated upon payment of a dividend by the Deed Administrators to Participating Creditors.</p> <p>(b) If the Company or Directors are unable to comply with any of the fundamental provisions of the DOCA including payment of Directors Contribution and/or the Deed Administrators form the view that the Company or Directors are unlikely to be able to comply with the terms of the DOCA, then the Deed Administrators must convene a meeting of the Company's creditors at which creditors may resolve to:</p> <ol style="list-style-type: none"> a. vary the DOCA; or b. terminate the DOCA and wind up the Company appointing the Deed Administrators as the Liquidators.
12	Control of the Company following execution of DOCA	Control and stewardship of the Company will revert to the Directors upon execution of the DOCA.
13	Powers of Deed Administrators	<p>(a) The Deed Administrators will have full access to the Company's books and records (including a right to inspect and audit the same), on an ongoing basis until satisfaction of the Company's obligations under the DOCA.</p> <p>(b) The Deed Administrators will have the powers set out in Prescribed Provision 2 (as set out in Schedule 8A to the Corporations Regulations).</p>
14	Miscellaneous	<p>(a) Subject to this document, the DOCA is to include clauses consistent with the Prescribed Provisions (other than provisions 10 and 11).</p> <p>(b) The DOCA is to include clauses consistent with sections 444DA and 444DB of the Corporations Act.</p>
15	Further terms to be included in the DOCA	Any other term which is necessary to give effect to the above proposal that is agreed to by the parties to the DOCA.
16	Effect of failure to execute the DOCA	If the Company, and/or the Directors fail to execute a formal DOCA document to the satisfaction of the Voluntary Administrators within

		15 business days of creditors accepting this DOCA Proposal then the Company will be wound up.
--	--	---

Signed: 

Print name: Andrew Hurt

Position:

Date: 28/1/2022

Signed: 

Print name: Peter Wrigley

Position:

Date: 31/1/2022

APPENDIX E

Estimated Outcome Statement

Estimated Outcome Statement	Notes	DOCA Scenario		Liquidation Scenario	
		Estimate - Low \$'000	Estimate - High \$'000	Estimate - Low \$'000	Estimate - High \$'000
Circulating Assets					
Cash at Bank		4	4	4	4
Term Deposits	1	161	161	161	161
Accounts Receivable	2	109	164	109	164
Deferred Consideration	3	343	343	343	343
Contingent Consideration	4	-	685	-	685
Total Circulating Assets		616	1,356	616	1,356
Fees and Costs					
VA Remuneration and Costs	5	(80)	(80)	(80)	(80)
Legal Fees	6	(10)	(10)	(25)	(25)
Trade on Costs	7	(90)	(90)	(90)	(90)
Total VA Costs		(180)	(180)	(195)	(195)
Net Balance Available to Priority Creditors		436	1,176	421	1,161
Priority Creditors	8	(41)	(41)	(41)	(41)
Net Balance Available after Priority Creditors		396	1,135	381	1,120
Non-Circulating Assets					
Plant and Equipment	9	25	32	25	32
Total Non-Circulating Assets		25	32	25	32
Total Assets Available		421	1,167	406	1,152
Estimated Deed Administrators' Remuneration	10	(35)	(35)	-	-
Estimated Liquidators' Remuneration	10	-	-	(40)	(40)
Total Assets Available to Secured Creditor		386	1,132	366	1,112
Secured Creditor	11	161	161	161	161
Net Surplus/(Shortfall) Available to Unsecured Creditors		225	971	205	951
Liquidation Recoveries	12	-	-	-	160
Total Amount Available to Unsecured Creditors		225	971	205	1,111
Unsecured Creditors					
Unsecured Creditors	13	1,072	1,072	1,072	1,072
Statutory Creditors	14	132	132	132	132
Related Party	15	-	-	1,284	1,284
Excluded Creditors	16	374	374	374	374
Total Unsecured Creditors		1,579	1,579	2,862	2,862
Estimated Return to Unsecured Creditors (c/\$)		14	62	7	39

APPENDIX E

Estimated Outcome Statement Notes

Note	Description	Commentary
1	<i>Term deposits</i>	▶ Westpac currently hold this amount in a term deposit as security for a bank guarantee in favour of Port of Melbourne
2	<i>Accounts Receivable</i>	▶ Low/high estimate for each scenario is 60% and 90% recovery respectively.
3	<i>Deferred Consideration - Cargo Partner</i>	▶ This amount is due and payable on 22 August 2022 as per the executed sale agreement between the Company and Cargo-Partner Logistics Pty Ltd.
4	<i>Contingent Consideration - Cargo Partner</i>	▶ This amount is due and payable to the Company from Cargo-Partner Logistics Pty Ltd if the 12-month EBITA for the period ending 31 July 2022 is between \$616,500 and \$753,500. Should the EBITA be higher than \$753,500 the Company will also be entitled to a commission in addition to the \$685,000 due and payable. The amount is fully realisable in the high scenario and no consideration is expected in a low scenario
5	<i>VA remuneration and costs</i>	▶ Subject to creditor approval. Refer to the Remuneration Report.
6	<i>Legal Costs</i>	▶ Estimate of legal fees in DOCA and Liquidation scenarios.
7	<i>Trade on costs</i>	▶ Based on costs incurred to date and future estimated costs to realise stock and maximise asset realisations.
8	<i>Priority Creditors</i>	▶ Estimate of outstanding employee entitlements based on the books and records of the Company.
9	<i>Property, Plant and Equipment</i>	▶ Low/High scenario: estimate of proceeds from the sale of the motor vehicle and other PPE in both DOCA and Liquidation scenarios
10	<i>Deed Administrators/Liquidators Remuneration</i>	▶ Subject to creditor approval. Refer to Remuneration Report.
11	<i>Secured Creditor</i>	▶ Westpac currently have a bank guarantee for this amount in favour of the port of Melbourne. The same amount is currently held in a term deposit as security.
12	<i>Liquidation recoveries</i>	<ul style="list-style-type: none"> ▶ Not applicable in DOCA scenario. ▶ Transaction of the same amount identified as leaving the bank accounts shortly prior to the appointment of Administrators. Should the amount prove recoverable, the full amount is represented in the high scenario and should the transaction not be an antecedent transaction no recovery is expected in the low scenario.

APPENDIX E

Estimated Outcome Statement Notes

Note	Description	Commentary
13	<i>Unsecured creditors</i>	▶ Unsecured creditor claims based on books and records and proofs of debt received.
14	<i>Statutory creditors</i>	▶ Estimate of claims from the ATO and Revenue NSW
15	<i>Related party creditors</i>	▶ Estimate of the loans due to a related entity of the Company, ACF Asset Trust
16	<i>Excluded creditors</i>	▶ Estimate of the leave balances due to the Directors which they will be entitled to claim as unsecured creditors.

APPENDIX F

Administrators' Remuneration Report

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REMUNERATION APPROVAL REPORT

ASSOCIATED CUSTOMS & FORWARDING SERVICES PTY LTD (ADMINISTRATORS APPOINTED) ACN 103 098 577 ('THE COMPANY')

This remuneration approval report provides you with the information you need to be able to make an informed decision regarding the approval of our remuneration for undertaking the Voluntary Administration of the Company.

TABLE OF CONTENTS

1.	Approval of remuneration and internal disbursements	2
2.	Declaration	2
3.	Executive Summary	2
4.	Remuneration	3
5.	Disbursements	7
6.	Queries	9

SCHEDULE SUMMARY

Schedule A	Resolution 1 - Summary of work completed for the period 22 December 2021 to 31 January 2022 (Voluntary Administration)
Schedule B	Resolution 2 - Description of work completed for the period 1 February 2022 to 9 February 2022 (Voluntary Administration)
Schedule C	Resolution 6 - Description of anticipated work for the period 9 February 2022 to the signing of the DOCA (Voluntary Administration)
Schedule D	Resolution 7 - Description of anticipated work from the commencement to the completion of the DOCA (DOCA)
Schedule E	Resolution 9 - Description of anticipated work for the period 9 February 2022 to the finalisation of the Liquidation (Liquidation)
Schedule F	Schedule of Corporate Charge-Out Rates as at 1 July 2021

1. APPROVAL OF REMUNERATION AND INTERNAL DISBURSEMENTS

You should read this report and the other documentation that we have sent you and then attend the meeting of creditors via webinar in order to voice your opinion by casting your vote on the resolutions put to the meeting. The meeting will also give you an opportunity to ask any questions that you may have.

Alternatively, you are also able to appoint a representative to attend on your behalf by lodging a proxy form. Lodging a special proxy form allows you to specify how your proxy must vote. Lodging a general proxy form allows your representative to choose how your vote is exercised.

Due to the COVID-19 pandemic and consistent with government policy on gatherings, the meeting is being held via a webinar. As such, all creditors wishing to attend the meeting are required to notify Ryan Davies and ensure a proof of debt form has been submitted.

Information about the meeting of creditors is provided in the covering report to creditors. If you have any questions or need any assistance, please contact Ryan Davies of this office on (02) 9240 9718 or via email on ryan.davies@bdo.com.au.

2. DECLARATION

We, Duncan Clubb and Jeffrey Marsden of BDO, have undertaken a proper assessment of this remuneration claim for our appointment as Administrators of the Company in accordance with the law and applicable professional standards. We are satisfied that the remuneration claimed is in respect of necessary work, properly performed, or to be properly performed, in the conduct of the Voluntary Administration.

3. EXECUTIVE SUMMARY

Remuneration currently claimed is summarised below:

Voluntary Administration		
Period	Schedule	\$ Amount (excl. GST)
Resolution 1: The Administrators' remuneration for the period 22 December 2021 to 31 January 2022	A & B	83,121.50
Resolution 2: The Administrators' remuneration for the period 1 February 2022 to 9 February 2022 (meeting date)	C	10,000.00
Resolution 6: The Administrators' remuneration for the period 9 February 2022 to the signing of the DOCA (if applicable)	D	5,000.00
Total remuneration for the VA period		98,121.50

DOCA (if applicable)		
Period	Schedule	\$ Amount (excl. GST)
Resolution 7: The Deed Administrators' remuneration from the execution of the DOCA to the conclusion of the DOCA*	D	35,000
Total remuneration for the DOCA period		35,000

Future internal disbursements (if applicable) - DOCA		\$ Amount (excl. GST)
Period		
Resolution 8: The Deed Administrators' internal disbursements from the execution of the DOCA to the conclusion of the DOCA*		1,000

Liquidation (if applicable)		
Period	Schedule	\$ Amount (excl. GST)
Resolution 9: Description of anticipated work for the period 9 February 2022 to the conclusion of the winding-up		40,000

Future internal disbursements (if applicable) - Liquidation		\$ Amount (excl. GST)
Period		
Resolution 10: Liquidators' internal disbursements for the period 9 February 2022 to the conclusion of the winding-up		1,000

Please refer to report section references detailed above for full details of the calculation and composition of the remuneration and disbursement approval sought.

4. REMUNERATION

4.1 Remuneration Method

Given the nature of this administration, remuneration to date has been calculated on Time Based Hourly Rates for the following reasons:

- I. It ensures that creditors are only charged for work that is performed. Our time, and that of our staff, are recorded and charged in six minute increments.
- II. We are required to perform a number of tasks which do not relate to the realisation of assets, for example responding to creditors' enquiries, reporting to ASIC and reporting to creditors in accordance with the provisions of the Act.



III. Work often requires staff with different levels of experience; as such different hourly rates reflect the expertise of our staff.

A scale of our fees and disbursement costs was provided with our Report to Creditors dated 23 December 2021 and is also available upon request. A complete copy of the time costs is available for inspection at any time prior to the day of the meeting by contacting Ryan Davies of my office on ryan.davies@bdo.com.au.

4.2 Remuneration claim resolutions

We will be seeking approval of the following resolutions to approve our remuneration. Details to support these resolutions are included in the attached **Schedules**.



RESOLUTION 1: FROM THE PERIOD 22 DECEMBER 2021 TO 31 JANUARY 2022

“Approval of the remuneration of the Administrators for the period 22 December 2021 to 31 January 2022, determined at a sum equal to the costs of time spent by the Administrators and their partners and staff, calculated at the hourly rates as detailed in the Business Restructuring Corporate Rates as at 1 July 2021, being \$83,121.50, exclusive of GST, and that the Administrators can draw the remuneration on a monthly basis or as required.”

RESOLUTION 2: FROM 1 FEBRUARY 2022 TO 9 FEBRUARY 2022

“Approval of the future remuneration of the Administrators for the period 1 February 2022 To 9 February 2022, determined at a sum equal to the costs of time spent by the Administrators and their partners and staff, calculated at the hourly rates as detailed in the Business Restructuring Corporate Rates as at 1 July 2021, up to a capped amount of \$10,000.00, exclusive of GST, and that the Administrators can draw the remuneration on a monthly basis or as required.”

RESOLUTION 6: FROM 9 FEBRUARY 2022 TO THE SIGNING OF THE DOCA (*If applicable*)

“Approval of the remuneration of the Administrators for the period 9 February 2022 until the signing of the deed, equal to the costs of time spent by the Administrators and their partners and staff, calculated at the hourly rates as detailed in the Business Restructuring Corporate Rates as at 1 July 2021, being \$5,000, exclusive of GST, and that the Administrators can draw the remuneration on a monthly basis or as required.”

RESOLUTION 7: FROM THE COMMENCEMENT TO THE CONCLUSION OF THE DOCA (*If applicable*)

“Approval of the future remuneration of the Deed Administrators from the commencement to the conclusion of the DOCA, determined at a sum equal to the costs of time spent by the Administrators and their partners and staff, calculated at the hourly rates as detailed in the Business Restructuring Corporate Rates as at 1 July 2021, that will be increased at a rate of 3.5% (rounded to the nearest five dollars) at 1 July each year, up to a capped amount of \$35,000 exclusive of GST, and that the Administrators can draw the remuneration on a monthly basis or as required.”

RESOLUTION 9: FOR THE PERIOD 9 FEBRUARY 2022 TO THE CONCLUSION OF THE WINDING UP (*If applicable*)

“Approval of the remuneration of the Liquidators for the period 9 February 2022 to the conclusion of the winding-up, determined at a sum equal to the costs of time spent by the Liquidators and their partners and staff, calculated at the hourly rates as detailed in the Business Restructuring Corporate Rates as at 1 July 2021 that can be increased at a rate of 3.5% (rounded to the nearest five dollars) at 1 July each year, up to a capped amount of \$40,000.00 exclusive of GST, and that the Liquidators can draw the remuneration on a monthly basis or as required.”

4.3 Details of remuneration

The basis of calculating the remuneration claims are summarised in the following schedules:

Resolution	Summary (1)	Detailed (2)
Resolution 1: The Administrators' remuneration for the period 22 December 2021 to 31 January 2022	Schedule A	Schedule B
Resolution 2: The Administrators' remuneration for the period 1 February 2022 to 9 February 2022		Schedule C
Resolution 6: The Administrators' remuneration from the for the period 9 February 2022 to the signing of the DOCA		Schedule D
Resolution 7: The Deed Administrators' remuneration from the execution of the DOCA to the conclusion of the DOCA*		Schedule E
Resolution 9: The Liquidators' remuneration for the period 9 February 2022 to the conclusion of the winding-up Description of anticipated work for the period		Schedule F

Notes:

1. *Summary annexures provide detail of the time charged to each major task area by staff members working on the Voluntary Administration for the relevant period, which is the basis of each claim.*
2. *Detailed annexures provide descriptions of the tasks performed within each task area, matching the amounts shown in the summary annexures.*

4.4 Total remuneration reconciliation

At this point in time we estimate that our total remuneration for the Company to be:

Voluntary Administration: \$98,121.50

In our initial report to creditors dated 23 December 2021, we had estimated that the total remuneration for the voluntary administration period would be \$80,000 (excluding GST). The amount being sought is in excess of the initial fee estimate as the Administrators have been required to undertake additional tasks not contemplated at the time the initial estimate was provided. This largely relates to:

- Dealing with Westpac in relation to their security and determining funds available to the Administrators;
- Liaising with the Directors to secure Company records; and
- Seeking Deed of Company Arrangement proposals from the Directors.

We have not previously provided an estimate to creditors for the remuneration of the Liquidation (if creditors resolve to wind up the Company). At this time we estimate that the total cost of the Liquidation will be between \$40,000 and \$65,000. The variance in this estimation will depend on:

- Future investigations required; and
- Complex nature of the dividend.

We have provided an explanation of tasks remaining to be completed, including our estimated costs to complete those tasks, to support our current remuneration approval request.

We intend to seek further remuneration in the Liquidation once we have determined a course of action for the liquidation to take and understanding the time costs to be incurred. We will write to creditors at an appropriate time in the future to seek the additional approval.

In preparing this remuneration approval report, we have made our best estimate at what we believe the Company's Voluntary Administration will cost to complete. However, should the Administration not proceed as expected, we will advise creditors and we may seek approval of further remuneration and provide details on why the remuneration has changed.

4.5 Likely impact on dividends

The Act sets the order for payment of claims against the Company and it provides for remuneration of the Administrators to be paid in priority to other claims. This ensures that when there are sufficient funds, the Administrators receive payment for the work done to recover assets, investigate the Company's affairs, report to creditors and ASIC and distribute any available funds. Even if creditors approve our remuneration, this does not guarantee that we will be paid, as we are only paid if sufficient assets are recovered.

Any dividend to creditors will also be impacted by the amount of assets that are recovered and the amount of creditor claims that are admitted to participate in any dividend, including any claims by priority creditors such as employees.

5. DISBURSEMENTS

Disbursements are divided into three types:

- **Externally provided professional services** - these are recovered at cost. An example of an externally provided professional service disbursement is legal fees.
- **Externally provided non-professional costs** - these are recovered at cost. Examples of externally provided non-professional costs are travel, accommodation and search fees.
- **Internal disbursements** such as photocopying, printing and postage. These disbursements, if charged to the Administration, would generally be charged at cost; though some expenses such as telephone calls, photocopying and printing may be charged at a rate which recoups both variable and fixed costs. The recovery of these costs must be on a reasonable commercial basis. Details of the basis of recovery of each of these costs is discussed below.

5.1 External disbursement claim

External Disbursements	Basis	\$ Amount (excl. GST)
Company Searches	At Cost	49.54
Total		49.54

*General disbursements include printing costs, postage costs and meeting room hire.

We have undertaken a proper assessment of disbursements claimed for the Company in accordance with the law and applicable professional standards. We are satisfied that the disbursements claimed are necessary and proper.

5.2 Internal disbursement claim

ASIC Administration Fee

We are now required to pay an industry funding levy (levy) to the Australian Securities and Investment Commission (ASIC) to perform our statutory duties as external administrator.

The levy allows ASIC to recoup its regulatory costs from industries through a combination of levies and fees-for-service.

ASIC do not issue invoices relating to this levy until at least January following the end of each financial year, therefore at this time we can only estimate the costs involved per external administration.

Some administrations may attract a higher levy due to the complexity and length of time we are appointed. We will report to you if we require further approval for internal disbursements.

Any actual costs incurred in respect of the levy paid directly to ASIC (above the amount we have had approved) can be paid directly from the administration without creditor approval.

If ASIC withdraws the levy and the administration has not been finalised, these funds will be repaid.

If creditors would like more information on the ASIC levy and how it is calculated, please contact our office.

6. QUERIES

If you have any queries regarding the information in this report, please contact Ryan Davies on (02) 9240 9718 or via email on ryan.davies@bdo.com.au.

You can also access information which may assist you on the following websites:

- ARITA at www.arita.com.au/creditors.
- ASIC at www.asic.gov.au (search for “insolvency information sheets”).

The above websites include information on external administrations, approval of remuneration and meetings.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Duncan Clubb'.

Duncan Clubb
Joint and Several Administrator

Encl.



Schedule A - Summary of Work Completed

Resolution 1 - Summary of work completed for the period 22 December 2021 to 31 January 2022

Staff	Staff Position	Hourly Rate	Total		Administration		Assets		Creditors		Employees		Investigations		Trade On	
			Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Duncan Clubb	Partner	710.00	13.50	9,585.00	8.50	6,035.00	-	-	4.5	3,195.00	0.50	355.00	-	-	-	-
Jeff Marsden	Associate Director	615.00	0.50	307.50	-	-	-	-	0.50	307.50	-	-	-	-	-	-
Tom Whitmarsh	Senior Manager	545.00	29.00	15,805.00	4.30	2,343.50	1.00	545.00	10.60	5,777.00	1.50	817.50	-	-	11.60	6,322.00
Juli Walker	Manager	510.00	4.10	2,091.00	0.10	51.00	1.9	969.00	-	-	-	-	-	-	2.10	1,071.00
Ryan Davies	Assistant Manager	460.00	118.60	54,556.00	13.10	6,026.00	19.50	8,970.00	61.70	28,382.00	1.50	690.00	15.30	7,038.00	7.50	3,450.00
Daniel Maras	Accountant	370.00	2.10	777.00	0.20	74.00	-	-	1.9	703.00	-	-	-	-	-	-
	Total		167.80	83,121.50	26.20	14,529.50	22.40	10,484.00	79.20	38,364.50	3.50	1,862.50	15.30	7,038.00	21.20	10,843.00
	GST			8,312.15												
	Total (incl. GST)			91,433.65												
	Average hourly rate			535.00												

Schedule B - Description of Work Completed

Resolution 1 - Description of work completed for the period 22 December 2021 to 31 January 2022

Category	General Description	Includes
Administration 26.20 Hrs \$14,529.50	Correspondence	Notification of appointment to banks, utilities and statutory authorities Correspondence with accountant, management and the Directors requesting books and records Review ROCAP and lodgement with ASIC Correspondence with the Directors in relation to the affairs of the company Mail out of required documentation Various correspondence with third parties
	Document Maintenance/Checklist	Day one appointment documentation and advices Reviewed and completed checklists and task lists General administrative tasks including scanning records and filing documents Prepared email lists Collected and stored documents necessary for investigations
	Insurance	Correspondence with our broker Arthur J. Gallagher ('AJG') Corresponded with AJG regarding initial insurance requirements Liaised with pre-appointment insurance brokers and premium funders

Category	General Description	Includes
	ATO & other statutory reporting	<ul style="list-style-type: none"> Attended to all statutory requirements Prepared and lodged statutory forms with ASIC Notification of Appointment Corresponded with the ATO to obtain information under the Freedom of Information Act
Assets 22.40 Hrs \$10,484	Debtors Plant & Equipment	<ul style="list-style-type: none"> Review of debtors list from records received Discussed the unsecured loan situation with management and landlord Drafted correspondence to debtors regarding payment Liaised with Westpac regarding pre appointment debtors paid into the Westpac accounts Reviewed P&E on-site Liaised with Pickle's agent regarding valuation of P&E
	Cash at bank	Liaised with Westpac and NAB regarding transfer of credit funds to account
Creditors 79.20 Hrs \$38,364.50	General Creditor Enquiries Creditor Meeting	<ul style="list-style-type: none"> Received and followed up on creditor enquiries via telephone, email and post Reviewed Company records relating to creditors Provided creditor updates on progress of administration Responded to multiple creditor requests for information pursuant to section 70-45 of the IPR Organised creditors meeting to be held via webinar Attendance at first meeting of creditors via webinar

Category	General Description	Includes
		<p>Prepared file including agenda, attendance register, list of creditors, reports to creditors and notice of meeting</p> <p>Received proxy forms and entered into the system for the purpose of reviewing quorum requirements and recording votes</p> <p>Prepared slides for creditors meeting</p> <p>Reviewed and approved proofs and proxies, attendance register etc. at the creditors meeting</p> <p>Finalised minutes of meeting and lodged with Australian Investments & Securities Commission (ASIC)</p>
	Processing proofs of debt	<p>Received and entered PODs on system for various creditors</p> <p>Updated various creditor claims in register</p>
	Creditor Reports	<p>Prepared initial circular to creditors including Declaration of Independence, Relevant Relationships and Indemnities (DIRRI)</p> <p>Prepared detailed report to creditors pursuant to section 439A of the Act and section 75-225 of the IPR</p>
	Secured creditors/PPSR creditors	<p>Liaised with Westpac in regards to their security</p> <p>Correspondence with creditors in regards to their PPSR registrations</p>
<p>Employees</p> <p>3.50 Hrs</p> <p>\$1,862.50</p>	Employees	<p>Calculations of employee entitlements from the Company's records</p> <p>Responded to employee enquiries, as required</p> <p>Discussed employee entitlement figures</p>

Category	General Description	Includes
<p>Investigations</p> <p>15.30 Hrs</p> <p>\$7,038.00</p>	Investigation	<p>Issued correspondence to Directors regarding books and records and the completion of questionnaire and ROCAP</p> <p>Meeting and correspondence with Management in relation to history of Company and events leading to appointment</p> <p>Reviewed Company financials and liaised with management</p> <p>Undertook a search and reviewed security interests on the Personal Properties Securities Register ('PPSR')</p> <p>Review of Company bank statements to identify any antecedent transactions.</p>
<p>Trade On</p> <p>21.20 Hrs</p> <p>\$10,843.00</p>	Trade On Management	<p>Trade on Management of the Wind Down of the Company</p> <p>Prepared statement of position and cash flow</p> <p>Liaised with Creditors and Suppliers to complete pre-appointment work</p> <p>Liaised with Management</p>
	Leased Premises	<p>Corresponded with landlord in relation to existing leases</p> <p>Liaised with landlord in relation to a waiver of personal liability of the Administrator for the Administration period</p> <p>Issued Notice not to exercise property rights</p>

Schedule C - Description of Anticipated Work

Resolution 2 - Description of anticipated work for the period 1 February 2022 to 9 February 2022

Category	General Description	Includes
Administration \$2,500	Correspondence	General correspondence with third parties General administrative tasks including filing and scanning records Internal meetings to discuss status of the administration
	Document Maintenance / Checklist	File documents Update internal checklists
	ATO & other statutory reporting	Attend to all statutory requirements
	Bank account administration	Enter receipts and payments into Administrators' accounting system
Assets \$1,000	Cash at Bank	Reconcile post-appointment funds
	Plant & Equipment	Discuss sale of P&E
Creditors \$4,500	General Creditor Enquiries	Correspond with creditors regarding the administration Receive and follow up creditor enquiries via telephone, email and post
	Creditor Meeting	Arrange webinar facilities for meeting Finalise report to creditors pursuant to 75-225 of IPR Convene second meeting of creditors pursuant to section 439A on 9 February 2022 Respond to stakeholder queries immediately following meeting

Category	General Description	Includes
Employees \$1,000.00		<ul style="list-style-type: none"> Preparation of documentation for the concurrent meeting of creditors Lodgement of statutory notifications Finalise minutes of meeting and lodge with ASIC
	Processing proof of debt	<ul style="list-style-type: none"> Receive and file PODs Adjudicate on PODs for voting purposes Update creditor claims in register
	Employee Enquiries	<ul style="list-style-type: none"> Respond to employee enquiries as required Discuss employee entitlement figures Complete calculations of employee entitlements from the Company's records
	Trade on management	<ul style="list-style-type: none"> Liaise with management and staff in relation to the wind down of the business Prepare payment of employee wages and other expenses Prepare and updated detailed cash flow forecast
Trade on \$1,000		

Schedule D - Description of Anticipated Work (if applicable)

Resolution 6: 9 February 2022 to the signing of the DOCA

Category	General Description	Includes
Assets \$1,500	Plant and Equipment (P&E)	Oversee sale of plant and equipment
	General Creditor Enquiries	Correspond with creditors regarding the administration Receive and follow up creditor enquiries via telephone, email and post Maintained creditor enquiry register
Creditors \$1,500	Creditor Meeting	Respond to stakeholder queries and questions immediately following meeting Prepare and lodge meeting minutes with the Australian Investments & Securities Commission
	Processing proof of debt	Receive and file PODs Update creditor claims in register
Employees \$1,000	DOCA	Review of Deed of Company Arrangement Discussions with legal advisors in relation to form of DOCA Receipt of Deed Contributions
	Employee Enquiries	Receive and follow up employee enquiries via telephone, email and post
	Employee Entitlements	Liaise with employees regarding their outstanding employee entitlements
Administration \$1,000	Correspondence	General correspondence with third parties General administrative tasks including filing and scanning records
	Document Maintenance / Checklist	File documents Update internal checklists
	Bank account administration	Enter daily receipts and payments into Administrators' accounting system
	ATO & other statutory reporting	Attend to all statutory requirements

Schedule E - Description of Anticipated Work (if applicable)

Resolution 7: The commencement to the conclusion of DOCA

Category	General Description	Includes
Assets \$10,000	Cash at Bank	<ul style="list-style-type: none"> Monitor pre-appointment bank accounts Request WBC to transfer any pre-appointment debtor funds from pre-appointment account to the Administrators' account Close pre-appointment bank accounts
	Debtors	Collect pre appointment debtors
	Plant and Equipment (P&E)	<ul style="list-style-type: none"> Oversee sale of plant and equipment Collection of proceeds from sale
	Sale of Business	<ul style="list-style-type: none"> Collect residual funds from the Sale of Business Monitor financial activities
	General Creditor Enquiries	<ul style="list-style-type: none"> Correspond with creditors regarding the administration Receive and follow up creditor enquiries via telephone, email and post Maintained creditor enquiry register
Creditors \$10,000	Processing proof of debt	<ul style="list-style-type: none"> Receive and file PODs Update creditor claims in register
	Dividend Distribution	<ul style="list-style-type: none"> Preparation of correspondence to creditors advising of intention to declare dividend Advertisement of intention to declare dividend Adjudication of creditor claims Correspond with creditors to obtain further information and clarify debts Assessment of landlord claims Preparation of dividend calculation Preparation of correspondence to creditors announcing declaration of dividend Advertise announcement of dividend

Category	General Description	Includes	
Employees \$7,000		Preparation of dividend payment	
	Employee Enquiries	Receive and follow up employee enquiries via telephone, email and post	
	Priority Dividend Distribution	<p>Prepare calculations of employee entitlements</p> <p>Prepare and distribute PAYG payment summary for all employees in the 2022 financial year (pre and post-appointment)</p> <p>Review employee files and Company's books and records</p> <p>Reconcile superannuation outstanding</p> <p>Prepare payment of post-appointment superannuation, PAYG and payroll tax</p> <p>Finalise calculation on outstanding employee entitlements</p> <p>Preparation of correspondence to priority creditors advising of intention to declare dividend</p> <p>Preparation of dividend file</p> <p>Preparation of priority dividend distribution</p> <p>Advertise announcement of priority dividend</p> <p>Preparation of dividend payment</p>	
	Correspondence	<p>General correspondence with third parties</p> <p>General administrative tasks including filing and scanning records</p>	
	Document Maintenance / Checklist	<p>File documents</p> <p>Update internal checklists</p>	
	Bank account administration	Enter daily receipts and payments into Administrators' accounting system	
	ATO & other statutory reporting	Attend to all statutory requirements	
	Administration \$8,000 [seems too high]		



Schedule F - Description of Anticipated Work (if applicable)

Resolution 6 - Description of anticipated work for the period XX February 2022 to the conclusion of the winding up (Liquidation).

Category	General Description	Includes
Administration \$8,000.00	Correspondence	General correspondence with third parties General administrative tasks including filing and scanning records
	Document Maintenance / Checklist	File documents Update internal checklists
	Bank account administration	Enter receipts and payments into Administrators' accounting system
	ATO & other statutory reporting	Attend to all statutory requirements
Assets \$10,000.00	Cash at Bank	Close pre-appointment bank accounts
	Debtors	Collect pre appointment debtors
	Plant & Equipment	Oversee sale of plant and equipment Collection of proceeds from sale
Creditors \$8,000.00	General Creditor Enquiries	Correspond with creditors regarding the administration Receive and follow up creditor enquiries via telephone, email and post
	Processing proof of debt	Receive and file PODs Update creditor claims in register
	Dividend Distribution	Preparation of correspondence to creditors advising of intention to declare dividend Advertisement of intention to declare dividend Adjudication of creditor claims

Category	General Description	Includes
		<p>Correspond with creditors to obtain further information and clarify debts</p> <p>Assessment of landlord claims</p> <p>Preparation of dividend calculation</p> <p>Preparation of correspondence to creditors announcing declaration of dividend</p> <p>Advertise announcement of dividend</p> <p>Preparation of dividend payment</p>
<p>Employees \$6,000.00</p>	<p>Employee Enquiries</p>	<p>Respond to employee enquiries as required</p> <p>Adjudicate on employee entitlement claims</p> <p>Correspond with FEG regarding employee entitlements</p>
<p>Investigations \$8,000.00</p>	<p>Investigations</p>	<p>Further investigations into related party loans, pending further information being received</p> <p>Additional review of the Company's books and records</p> <p>Undertake further review of the Company's pre-appointment bank statements for preference payments and voidable transactions</p> <p>Update investigation file</p> <p>Prepare and lodge 533 report to ASIC, if required</p>



Schedule G - Business Restructuring Corporate Rates as at 1 July 2021

Title	Description	Hourly Rate (excl GST)
Partner	Registered Liquidator- Partner bringing specialist skills to administration or insolvency task.	710
Associated Director	Minimum of twelve years' insolvency experience, at least five years at manager level, qualified accountant and capable of controlling all aspects of an administration. May be appropriately qualified to take appointments in own right.	615
Senior Manager	More than 7 years' insolvency experience, more than 3 years as a manager, qualified accountant. Answerable to the appointee but otherwise responsible for all aspects of administration. Experienced at all levels and considered very competent. Control staff and their training.	545
Manager	6-7 years, qualified accountant, with well-developed technical and commercial skills. Should be constantly alert to opportunities to meet clients' needs and to improve the clients' future operation either by revenue enhancement or by reducing costs and improving efficiency. Controls 2-4 staff.	500
Assistant Manager	4-6 years, CA program (CA) complete. Will have had conduct of minor administrations and experience in control of 1-3 staff. Assists planning and control of medium to larger jobs.	460
Senior Accountant - Experienced	2-4 years, CA (or equivalent) would normally be commenced during this period. Required to control of small to medium sized jobs as well as performing some of the more difficult work on larger jobs.	410
Accountant	1-2 years, CA (or equivalent) would normally be commenced during this period. Required to control the fieldwork on small jobs and responsible for assisting complete fieldwork on medium to large jobs.	370
Graduate Accountant	0-1 years, Trainee undertaking a degree with an accounting major. Required to assist in day-to-day fieldwork under supervision of more senior staff.	300
Undergraduate Accountant	HSC or equivalent, plans to undertake at least part-time degree/diploma. Required to assist in administration and day-to-day fieldwork under supervision of more senior staff.	235
Executive Assistant/ Personal Assistant	Appropriate computer skills including machine usage	235

APPENDIX G

Notice of Meeting

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*Corporations Act 2001 Section 439A
Insolvency Practice Rules 75-225*

**NOTICE OF MEETING OF
CREDITORS OF COMPANY UNDER ADMINISTRATION**

**ASSOCIATED CUSTOMS & FORWARDING SERVICES PTY LTD (ADMINISTRATORS APPOINTED)
ACN 103 098 577 (THE 'COMPANY')**

1. On 22 December 2021, Duncan Clubb and Jeffrey Marsden of BDO, Level 11, 1 Margaret Street, Sydney NSW 2000 were appointed Joint and Several Administrators of the Company.
2. Notice is now given under Section 75-225 (2) of the Insolvency Practice Rules, that a Meeting of Creditors of the Company will be held via webinar at 11:00am (AEDT), Wednesday 9 February 2022.
3. The purpose of the meeting is to determine:
 - (a) to receive the report by the Administrators about the Company's business, property, affairs and financial circumstances;
 - (b) to resolve the future direction of the Company after receiving the Administrators' opinion about each of the following matters:
 - (i) Whether the Company execute a Deed of Company Arrangement;
 - (ii) Whether it would be in the creditors' interest for the Company to be wound up and if a Committee of Inspection should be appointed; or
 - (iii) Whether it would be in the creditors' interest for the Administration to end.
 - (iv) The Administrators reasons for those opinions.
 - (c) to set the Administrators', Deed Administrators', Trustees' and/or Liquidators' remuneration.
 - (d) any other business considered relevant.

Attending and Voting at the Meeting

Due to the COVID-19 pandemic and consistent with the government policy on gatherings, no physical meeting will be held. Creditors are invited to attend the meeting via webinar.

At the meeting, resolutions will be decided on a poll with the outcome of the polls announced to the meeting.

Creditors are asked to ensure they provide the following:

- **Proof of debt:** They have lodged with the Administrators particulars of the debt or claim and the claim has been admitted, wholly or in part, by the Administrators. If a proof of debt has already been lodged, they do not need to do so again. Refer to Note 1 for further guidance on entitlement to vote.
- **Proxies and attendance:** Creditors who wish to vote at the meeting are required to submit a completed Form 532 - Proxy form.

To enable sufficient time to review, please submit proofs of debt and proxies (or document authorising the representation) to Ryan Davies at ryan.davies@bdo.com.au by 4PM on Tuesday, 8 February 2022.

To access the webinar, you need to provide a statement by email to Ryan Davies on ryan.davies@bdo.com.au, not later than 2 business days before the meeting which sets out:

- **Name:** The name of the person and of the proxy or attorney (if any)
- **Address:** An address to which notices to the person, proxy or attorney may be sent
- **Contact:** The method of contacting the person, proxy or attorney for the purposes of the meeting.

Only on receipt of this statement and documentation, you will be provided with instructions on how to access the webinar facilities. A person, or the proxy or attorney of a person, who participates in the meeting by webinar must pay any costs incurred by the person, proxy or attorney in participating and is not entitled to be reimbursed for those costs from the assets of the company.

Dated this 1st day of February 2022



Duncan Clubb
Joint and Several Administrator

Note 1: Entitlement to vote and completing proofs
IPR (Corp) 75 85 Entitlement to vote at meetings of creditors

- (1) A person other than a creditor (or the creditor's proxy or attorney) is not entitled to vote at a meeting of creditors.
- (2) Subject to subsections (3), (4) and (5), each creditor is entitled to vote and has one vote.
- (3) A person is not entitled to vote as a creditor at a meeting of creditors unless:
 - (a) his or her debt or claim has been admitted wholly or in part by the external administrator; or
 - (b) he or she has lodged, with the person presiding at the meeting, or with the person named in the notice convening the meeting as the person who may receive particulars of the debt or claim:
 - (i) those particulars; or
 - (ii) if required—a formal proof of the debt or claim.
- (4) A creditor must not vote in respect of:
 - (a) an unliquidated debt; or
 - (b) a contingent debt; or
 - (c) an unliquidated or a contingent claim; or
 - (d) a debt the value of which is not established; unless a just estimate of its value has been made.
- (5) A creditor must not vote in respect of a debt or a claim on or secured by a bill of exchange, a promissory note or any other negotiable instrument or security held by the creditor unless he or she is willing to do the following:
 - (a) treat the liability to him or her on the instrument or security of a person covered by subsection (6) as a security in his or her hands;
 - (b) estimate its value;
 - (c) for the purposes of voting (but not for the purposes of dividend), to deduct it from his or her debt or claim.
- (6) A person is covered by this subsection if:
 - (a) the person's liability is a debt or a claim on, or secured by, a bill of exchange, a promissory note or any other negotiable instrument or security held by the creditor; and
 - (b) the person is either liable to the company directly, or may be liable to the company on the default of another person with respect to the liability; and
 - (c) the person is not an insolvent under administration or a person against whom a winding up order is in force.

APPENDIX H

Proxy Form

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APPOINTMENT OF PROXY

**ASSOCIATED CUSTOMS & FORWARDING SERVICES PTY LTD (ADMINISTRATORS APPOINTED)
ACN 103 098 577 ('THE COMPANY')**

I/We (name of signatory).....of (creditor name).....

of (creditor address) _____

a creditor of the Company indicated above

appoint (name of person to hold proxy) _____

of (address of proxy) _____

or in his or her absence (name alternative proxy) _____

of (address of alternative proxy) _____

as my/our proxy to vote at the creditors meeting to be held on 9 February 2022, or at any adjournment of that meeting as follows:

I/We authorise my/our proxy to vote as (*please select 1*):

General proxy (as they see fit); or

Special proxy (as specified below).

RESOLUTIONS	For	Against	Abstain
<p>1. Administrators' Remuneration</p> <p>Approval of the remuneration of the Administrators for the period 22 December 2021 to 31 January 2021, determined at a sum equal to the costs of time spent by the Administrators and their partners and staff, calculated at the hourly rates as detailed in the Business Restructuring Corporate Rates as at 1 July 2021, being \$83,121.50, exclusive of GST, and that the Administrators can draw the remuneration on a monthly basis or as required.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>2. Administrators' Remuneration</p> <p>Approval of the future remuneration of the Administrators for the period 1 February 2022 to 9 February 2022, determined at a sum equal to the costs of time spent by the Administrators and their partners and staff, calculated at the hourly rates as detailed in the Business Restructuring Corporate Rates as at 1 July 2021, up to a capped amount of \$10,000, exclusive of GST, and that the Administrators can draw the remuneration on a monthly basis or as required.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

RESOLUTIONS	For	Against	Abstain
You can only vote “For” once for resolution 3, 4 and 5 (mutually exclusive) Please only vote for one.			
3. Liquidation That the Company be wound up and that Duncan Clubb and Jeffrey Marsden be appointed Joint and Several Liquidators of the Company. <i>If you have voted “For” please proceed to resolutions 6, 7 & 8</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Deed of Company Arrangement (DOCA) That the Company execute a Deed of Company Arrangement.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Administration to end That the Administration of the Company should end and the control reverts back to its Directors.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Administrators’ Remuneration Approval of the remuneration of the Administrators for the period 9 February 2021 until the signing of the deed, equal to the costs of time spent by the Administrators and their partners and staff, calculated at the hourly rates as detailed in the Business Restructuring Corporate Rates as at 1 July 2021, being \$5,000, exclusive of GST, and that the Administrators can draw the remuneration on a monthly basis or as required.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Deed Administrators’ Remuneration (DOCA) Approval of the future remuneration of the Deed Administrators from the commencement to the conclusion of the DOCA, determined at a sum equal to the costs of time spent by the Administrators and their partners and staff, calculated at the hourly rates as detailed in the Business Restructuring Corporate Rates as at 1 July 2021, that will be increased at a rate of 3.5% (rounded to the nearest five dollars) at 1 July each year, up to a capped amount of \$35,000 exclusive of GST, and that the Administrators can draw the remuneration on a monthly basis or as required.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Deed Administrators’ Internal Disbursements (DOCA) Approval of the future internal disbursements of the Deed Administrators for the period from the commencement to the conclusion of the DOCA in the fixed amount of \$1,000 plus GST.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

RESOLUTIONS	For	Against	Abstain
<p>9. Liquidators' Remuneration</p> <p>Approval of the remuneration of the Liquidators for the period 9 February 2022 to the conclusion of the winding up, determined at a sum equal to the costs of time spent by the Liquidators and their partners and staff, calculated at the hourly rates as detailed in the Business Restructuring Corporate Rates as at 1 July 2021 that can be increased at a rate of 3.5% (rounded to the nearest five dollars) at 1 July each year, up to a capped amount of \$40,000.00 exclusive of GST, and that the Liquidators can draw the remuneration on a monthly basis or as required.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>10. Liquidators' Internal Disbursements</p> <p>Approval of the future internal disbursements of the Liquidators for the period 9 February 2022 to the finalisation of the Liquidation in the fixed amount of \$1,000 plus GST.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>11. Committee of Inspection</p> <p>In the event that the Company is placed into liquidation, to appoint a Committee of Inspection.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

I/We authorise my/our proxy to vote as a general proxy on resolutions other than those specified above.

Signed

Dated

APPENDIX I

Proof of Debt

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FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

**ASSOCIATED CUSTOMS & FORWARDING SERVICES PTY LTD (ADMINISTRATORS APPOINTED)
ACN 103 098 577 ('THE COMPANY')**

To the Administrators of

**ASSOCIATED CUSTOMS & FORWARDING SERVICES PTY LTD (ADMINISTRATORS APPOINTED)
ACN 103 098 577**

1. This is to state that the Company was on 22 December 2021, and still is, justly and truly indebted to (insert full name and address of the creditor¹)

for (insert amount of claim in words)

	dollars and	cents
--	-------------	-------

Particulars of the debt are (give details of claim²):

Date	Consideration (state how the debt arose)	Amount \$ ¢	Remarks (include details of voucher substantiating payment)

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any satisfaction or security for the sum or any part of it except for the following³:

3. ⁴I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied. I am the creditor, employed by the creditor, and/or the creditor's agent duly authorised in writing to make this statement.

Signed

Dated

Confirmation of postal/contact details of Creditor

Address		
City	State	Postcode
Phone	Email	

Correspondence by email

Do you consent to this office electing to send correspondence regarding the Company to the above email address? Yes

Notes:

1. Insert the full name and address of the creditor and, if applicable, the creditor's partners. If prepared by an employee or agent of the creditor, also insert a description of the occupation of the creditor.
2. Insert particulars of all securities held. If the securities are on the property of the Company, assess the value of those securities. If any bills or other negotiable securities are held, show them in a schedule in the following form:

Date	Drawer	Acceptor	Amount	Due Date
			\$ ¢	

3. Under "Consideration" state how the debt arose, for example "goods sold and delivered to the Company between the date of", "moneys advanced in respect of the Bill of Exchange." Include details of vouchers substantiating payment.
4. Do not complete section three if this proof is made by the creditor personally.

FOR OFFICE USE ONLY

Received	Admitted to Vote for	Admitted to rank for dividend
	\$ ¢	\$ ¢

