

REPORT TO CREDITORS

SMC Drummoyne Pty Limited
(In Liquidation)
ACN 600 533 140

Dated: 17 August 2022

Liquidators:	Andrew Sallway
Contact for Queries:	Ryan Davies
Contact Phone:	(02) 9240 9718
Contact Email:	ryan.davies@bdo.com.au

MEETING OF CREDITORS

MEETING DATE: 30 August 2022

MEETING TIME: 3PM (AEST)



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ABBREVIATIONS USED

Abbreviation	Description
AEST	Australian Eastern Standard Time
ASIC	Australian Securities & Investments Commission
ATO	Australian Taxation Office
AUD	Australian Dollars
BAS	Business Activity Statement
BDO	BDO Business Restructuring
c.	Circa
CAANZ	Chartered Accountants Australia and New Zealand
FEF	Fair Entitlement Guarantee
FY	Financial Year
GST	Goods and Services Tax
IPS	Schedule 2 of the Corporations Act 2001 - Insolvency Practice Schedule (Corporations)
IPR	Insolvency Practice Rules (Corporations) 2016
k	Thousand
Liquidators	Andrew Sallway
m	Million
PAYG	Pay as You Go
ROCAP	Report on Company Activities and Property
the Act	<i>Corporations Act 2001</i>
the Company	SMC Drummoyne Pty Limited (In Liquidation)
SGC	Superannuation Guarantee Charge
SMC Group	SMC Group Pty Ltd

LIST OF ATTACHMENTS

Annexure	Description
A	Notice of Meeting
B	Proxy Form
C	Proof of Debt Form
D	Receipts and Payments
E	Remuneration Report
F	Estimated Outcome Statement

1. EXECUTIVE SUMMARY

Outlined below is a summary of the key points raised in this report:

- 1) On 11 September 2019, Andrew Sallway was appointed Liquidator of the Company.
- 2) Previous reports to creditors have been issued on 19 October 2019 and 10 December 2019.
- 3) To date, eight proofs of debt totalling \$1,098,442 from unsecured creditors of the Company have been lodged. The ATO has also lodged a proof of debt for SGC totalling \$81,000.
- 4) Potential unfair preference payment claims were identified including several payments totalling \$75k to the ATO and numerous payments made to seven related parties totalling c. \$896k. These potential claims have all been settled by negotiation.
- 5) There will be insufficient recoveries in the liquidation for a distribution to any class of creditor of the Company.
- 6) A meeting of creditors will be held via video conference facilities on 30 August 2022 at 3PM (AEST).
 - a) A Notice of Meeting of Creditors (Annexure A), Proxy Form (Annexure B) and Formal Proof of Debt Form (Annexure C) is enclosed.
 - b) Approval of the Liquidator's remuneration for the following periods will be requested:

Resolution	(\$)
Resolution 1: 21 January 2020 to 11 August 2022	\$115,000
Resolution 2: 12 August 2022 to completion of the liquidation	\$20,000
Total remuneration sought	\$135,000

- c) Creditors voting by proxy are required to complete and return the proxy form by 4:00PM (AEST) on 29 August 2022 to Ryan Davies of this office at ryan.davies@bdo.com.au.
- 7) It is anticipated that the winding up of the Company will be concluded by December 2022.

2. INTRODUCTION

I refer to my previous reports to creditors dated 9 October 2019 and 10 December 2019 in which I advised you of my appointment and your rights as a creditor in the Liquidation.

The purpose of this report is to provide:

- An update on the progress of the liquidation;
- A summary of the Company's assets and liabilities;
- An update of the investigations conducted to date; and
- An estimate of the likely dividends being paid in the liquidation.

I will also be requesting that you consider my detailed remuneration report and approve my remuneration.

3. ASSET REALISATIONS

3.1 Cash at bank

On appointment, I contacted the major financial institutions requesting any accounts in the Company's name be frozen and the balance transferred to the Liquidators.

An account was identified with NAB which held a credit balance of \$17,387 at the date of appointment, however, NAB set off this amount against their outstanding debt.

3.2 Plant and Equipment - Motor vehicles

Two vehicles in the name of the Company were identified and are as follows:

Vehicle	Valuation (\$)	Financier	Payout (\$)	Net Equity (\$)	Status
Renault Master Platform	45,000 to 50,000	NAB	58,407	(8,407) to (13,407)	Disclaimed
Jeep Wrangler	9,850	NAB	14,443	(4,593)	Disclaimed

These vehicles were disclaimed as there was no equity in the vehicle.

3.3 Sale of business

Prior to the Liquidation, the Company entered into a sale of business agreement with Drummoyne Capitalist Pty Ltd for a sale price of \$140,000. The sale was effectuated on 9 September 2019 with the business and items of plant & equipment transferred as part of the sale agreement.

A deposit of \$20,000 was paid prior to the Liquidation. These funds were held by the Company's pre-appointment solicitors, Uther Webster & Evans. This amount less legal costs were transferred to the Liquidation bank account on 20 September 2019.

The remaining balance of \$120,000 was due on 21 October 2019. The purchaser resisted making the final instalment payment to the Liquidator. A statutory demand was issued at the instruction of the Liquidator on 8 November 2019 for the amount of the unpaid balance of \$120,000 plus interest calculated at a rate of 10% per annum. A total of \$94,915.46 was received, no further realisations are expected.

4. INVESTIGATIONS AND RECOVERY ACTIONS

As part of my investigations, I reviewed the books and records provided to me by the Company's directors including:

- The Company bank statements
- Externally prepared financial report for the year ending 2016
- Management accounts for the years ending 2017 and 2018
- Sale of Business Agreement
- Secured creditor contracts
- Tax Lodgements
- Employee summaries

To further assist with my investigations, in November 2020 I publicly examined the Directors in relation to the failure of the Company and the actions undertaken by the Directors prior to the Liquidation.

Information obtained at these examinations were critical in identifying the extent of voidable transactions and assisting in the preparation of my report to ASIC under Section 533 of the Act. This is discussed below.

4.1 Voidable Transactions

Part 5.7B of the Act provides that where a company is being wound up, certain transactions may be recovered by a liquidator as unfair preferences, uncommercial transactions, unfair loans or insolvent transactions. The following transactions may be recoverable on the application of a liquidator to the Court:

- A payment made to a creditor, in the six (6) month period prior to the liquidation which is an insolvent transaction (unfair preference)
- A payment made to a non-related creditor during the two (2) years prior to the liquidation which is an insolvent transaction and an uncommercial transaction
- A payment made to a related creditor in the four (4) years prior to the liquidation which is an insolvent transaction and an uncommercial transaction
- A payment made to a creditor in the ten (10) years prior to the liquidation which is fraudulent
- An unfair loan whenever made

The objective is to recover funds and redistribute the money to creditors in accordance with the Act's priority provisions.

4.1.1 Unfair Preferences

I identified transactions totalling \$971,000 that had the characteristics of unfair preference payments. Absent funding to pursue these unfair preference payments through the Court, I engaged in without prejudice discussions with those parties and the status of those negotiations is summarised as follows:

Party	Claim	Status
Australian Taxation Office	\$75,000	I engaged in without prejudice discussions with the ATO and negotiated a settlement in the amount of \$53,000 which I considered to be in the best interests of creditors. The funds have been received.
Related Party Creditors	\$896,000	I engaged in without prejudice discussions with related party creditors to settle a number of unfair preference payment. A confidential settlement amount was reached that was in best interests of the Company.

4.1.2 Uncommercial Transactions

I identified a number of payments made to SMC Group as “management fees” during the period FY16 and FY20. As the entity is a related party, the relation back period is four years prior to the relation back date of 6 August 2019. During the relation back period total payments identified as “management fees” were \$1,751,760.

No evidence has been provided that would substantiate that the Company received a commercial benefit from the payment of these management fees and nor has evidence been provided which indicates that the Company was obliged to pay these fees.

I have reached a confidential settlement with SMC Group as part of the settlement of unfair preference payments with the related parties described in the previous section of this report.

4.2 Report to ASIC

I submitted my report to ASIC pursuant to Section 533 of the Act on 5 March 2020. This report is required to be submitted by liquidators to ASIC when a company is being wound-up and offences have been committed by directors.

ASIC requested that the Liquidators prepare a supplementary report to ASIC on breaches committed by the Directors. The report was lodged on 30 November 2021.

5. RECEIPTS AND PAYMENTS

Details of all receipts and payments in the liquidation for the period 11 September 2019 to 16 August 2022 is summarised at **Annexure D**.

6. LIKELIHOOD OF DIVIDEND

An estimated outcome statement is attached as **Annexure F**. Currently, I consider there will be insufficient recoveries in the liquidation for a distribution of a dividend to any class of creditors of the Company.

7. COSTS OF LIQUIDATION

At a meeting of creditors on 24 October 2019, remuneration totalling \$26,127 for the period 11 September 2019 to 30 September 2019 was approved. Additionally, at the same meeting remuneration for the period 1 October 2019 to the conclusion of the winding up totalling \$30,000 was approved.

The future fee approval of \$30,000 was exceeded due to the following matters that were still to be undertaken in the liquidation:

- Preparation of supplementary investigations report for ASIC which had not been anticipated;
- Extensive investigations into related party voidable transactions;
- Pursuing voidable transactions and issuing demand letters to the relevant creditor(s) that received payments.

I am seeking approval of my remuneration for the following period:

Resolution	(\$)
Resolution 1: 21 January 2020 to 30 June 2022	\$115,000
Resolution 2: 1 July 2022 to completion of the liquidation	\$20,000
Total remuneration sought	\$135,000

Since 21 January 2020 to 30 June 2022 I have incurred \$138,003 in time costs dealing with the issues noted above and I have reviewed all time and have deemed it all necessary. However, I propose to write off \$23,003 in time.

Attached at **Annexure E** is a detailed report on my remuneration, called a Remuneration Approval Report. Included in this report are further details on why my costs between the meeting and the report exceeded the approval given by creditors.

I am unable to pay my remuneration without the approval of creditors or the Court. In addition, I am only able to pay my fees if there are sufficient funds in the liquidation.

8. MEETING OF CREDITORS

A meeting of creditors to consider this update and approve my remuneration will be held as follows:

Meeting Details	
Date	Tuesday, 30 August 2022
Time	3PM (AEST)
Attendance	Via video conference facilities

Details of the meeting can be obtained by contacting Ryan Davies of this office.

Further meeting information, including notice of meeting and details of the information you are required to provide if you plan to attend the meeting are attached as **Annexure A**. To participate in this meeting, you may need to:

- Submit a proof of debt and information to substantiate your claim, if you have not already done so.
- 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.

Proof of debt and proxy forms are included with the notice of meeting. To facilitate the conduct of the meeting, completed proof of debt and, if applicable, proxy forms must be returned to my office by post, fax or email by **29 August 2022 at 4:00PM (AEST)**.

Should you have any queries in relation to the meeting please do not hesitate to contact Ryan Davies of my office on 02 9240 9718 or via email ryan.davies@bdo.com.au.

9. FURTHER INFORMATION

ARITA provides information to assist creditors with understanding liquidations and insolvency. This information, including details of your rights as a creditor, is available from ARITA’s website at arita.com.au.

ASIC provides information sheets on a range of insolvency topics. These information sheets can be accessed on ASIC’s website at www.asic.gov.au.

10. DISCLAIMER

BDO, (its affiliates - present or future), Andrew Sallway, employees and agents ('the Liquidator') hereby advise that:

- a) When preparing this report and the accompanying documents, the Liquidator has relied on the available books and records, financial accounts and other documentation pertaining to the Company's affairs.
- b) When preparing this report and the accompanying documents, the Liquidator has relied on the advice of the Company's officers and/or senior management.
- c) The Liquidator has not conducted an audit of the books and records, financial accounts and other documentation pertaining to the Company's affairs.
- d) Whilst the Liquidator has 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 officers, the Liquidator gives no warranty as to the accuracy, completeness or reliability of same.
- e) The Liquidator undertakes no responsibility arising in any way whatsoever to any person for errors or omissions however caused by way of this report or accompanying documents.

11. ELECTRONIC COMMUNICATION

BDO is committed to reducing its impact of our administrations on the environment. One way you can help contribute to our efforts is to agree to accept all communications from us electronically, by email.

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 or postal address.

12. COMMITMENT TO CLIENT SERVICE

BDO conducts files to the highest ethical and professional standards.

BDO adheres to the codes of conduct prescribed by CAANZ, AFSA, ARITA and INSOL.

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 their 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 Company Auditors and Liquidators Disciplinary Board.

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.



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

Yours faithfully

A handwritten signature in black ink, appearing to read 'AS', written in a cursive style.

Andrew Sallway
Liquidator

‘ANNEXURE A’

Insolvency Practice Rules (Corporation) 2016

Corporations Act 2001

NOTICE OF MEETING OF CREDITORS

SMC Drummoyne Pty Limited (IN LIQUIDATION)

ACN 600 533 140

('the Company')

NOTICE IS GIVEN that a meeting of the creditors will be held on Tuesday, 30 August 2022 at 3:00pm (AEDT) via webinar.

The purpose of this meeting is:

1. To approve the remuneration of the Liquidators, their partners and staff for the period 21 January 2020 to 30 June 2022 on a time basis up to a maximum amount of \$115,000.00 exclusive of GST and disbursements; and
2. To approve the remuneration of the Liquidators, their partners and staff for the period 1 July 2022 to the end of the liquidation on a time basis up to a maximum amount of \$20,000.00 exclusive of GST and disbursements.

Telephone conference facilities can be made available for creditors at the meeting. Creditors who wish to attend are requested to contact Ryan Davies of this office on telephone number (02) 9240 9718, 48 hours prior to the meeting for login details to be provided. Creditors will not be entitled to vote at the meeting unless they have lodge particulars of their claim against the Company with us prior to the commencement of the meeting.

DATED this the 16th day of August 2022.



Andrew Sallway
Liquidator

‘ANNEXURE B’

APPOINTMENT OF PROXY

SMC DRUMMOYNE PTY LIMITED (IN LIQUIDATION) ACN 600 533 140

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

of (creditor address) _____

a creditor of SMC DRUMMOYNE PTY LTD

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 Tuesday, 30 August 2022 at 3:00pm (AEST) via webinar, or at any adjournment of that meeting as follows:

I/We authorise my/our proxy to vote as special proxy as specified below.

RESOLUTIONS	For	Against	Abstain
<p>1. Liquidators' Remuneration</p> <p>To approve the remuneration of the Liquidator, his partners and staff for the period 21 January 2020 to 30 June 2022 on a time basis fixed in the amount of \$115,000 exclusive of GST and disbursements calculated in accordance with the hourly rates prescribed as detailed in the report to creditors of 16 August 2022. Such remuneration may be drawn as funds become available.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>2. Liquidators' Future Remuneration</p> <p>To approve the remuneration of the Liquidator, his partners and staff for the period 1 July 2022 to the end of the liquidation on a time basis up to a maximum amount of \$20,000 excluding GST and disbursements calculated in accordance with the hourly rates prescribed by BDO Business Restructuring Pty Ltd's schedule of hourly rates as at 1 July 2022 that may be increased at 1 July each year. Such remuneration may be drawn as funds become available. The Liquidator reserves the right to convene a further meeting of creditors should the level of remuneration need to be increased.</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

‘ANNEXURE C’

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

**SMC DRUMMOYNE PTY LIMITED (IN LIQUIDATION)
ACN 600 533 140 ("THE COMPANY")
FORMERLY TRADING AS SALT MEATS CHEESE DRUMMOYNE**

To the Liquidator of

SMC DRUMMOYNE PTY LIMITED (IN LIQUIDATION) ACN 600 533 140

1. This is to state that the Company was on 11 September 2019, 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

No

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
	\$ ¢	\$ ¢

‘ANNEXURE D’

Receipts and Payments for the period 11 September 2019 to 16 August 2022

RECEIPTS	Amount (\$) (Including GST)
Deposits Received	20,000.00
Interest Income	77.42
Merchant Fee Refund	254.13
Accounts Receivable	94,915.46
GST Received	9,175.00
Legal Recoveries	78,000.00
Total Receipts	202,422.01

PAYMENTS	Amount (\$) (Including GST)
Legal Fees	38,279.80
Petitioning Creditors Costs	2,555.00
Agents Fees	1,650.00
Appointee Disbursements	654.71
Appointee Fees	61,739.70
Bank Charges	1.75
Total Payments	104,880.96

Net Receipts and Payments	97,541.05
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‘ANNEXURE E’



REMUNERATION REQUEST APPROVAL REPORT

SMC DRUMMOYNE PTY LIMITED (IN LIQUIDATION)
ACN 600 533 140 ('the Company')

Part 1: Declaration

I, Andrew Sallway have undertaken a proper assessment of this remuneration claim for my appointment as Liquidator of the Company in accordance with the law and applicable professional standards. I am satisfied that the remuneration claimed is in respect of necessary work, properly performed in the conduct of the liquidation.

Part 2: Executive Summary

To date, \$56,127 in remuneration has been approved. This remuneration report details approval sought for the following fees:

Period	Remuneration Report Reference	Amount (excl. GST and disbursements)
Past remuneration approved		\$56,127
Resolution 1: 21 January 2020 to 30 June 2022	(A & B)	\$115,000
Resolution 2: 1 July 2022 to completion of the liquidation	(C)	\$20,000
Total cost of liquidation		<hr/> \$191,127

Indemnities

The indemnified amounts are discussed in Part 9 of the Remuneration Request Approval Report.

Part 3: Details of Remuneration

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

Resolution	Detailed ¹	Summary ²
Resolution 1: 21 January 2020 to 30 June 2022	Schedule A	Schedule B

Resolution 2: 1 July 2022 to completion of the liquidation Schedule C

Notes:

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

Part 4: Statement of Remuneration Claim

Creditors are being asked to pass the following resolutions at the upcoming creditors meeting:

Resolution [1]: ‘To approve the remuneration of the Liquidator, his partners and staff for the period 21 January 2020 to 30 June 2022 on a time basis fixed in the amount of \$115,000 exclusive of GST and disbursements calculated in accordance with the hourly rates prescribed as detailed in the report to creditors of 16 August 2022. Such remuneration may be drawn as funds become available.’

Resolution [2]: ‘To approve the remuneration of the Liquidator, his partners and staff for the period 1 July 2022 to the end of the liquidation on a time basis up to a maximum amount of \$20,000 excluding GST and disbursements calculated in accordance with the hourly rates prescribed by BDO Business Restructuring Pty Ltd’s schedule of hourly rates as at 1 July 2022 that may be increased at 1 July each year. Such remuneration may be drawn as funds become available. The Liquidator reserves the right to convene a further meeting of creditors should the level of remuneration need to be increased.’

Total Remuneration Reconciliation

At this point in time, the total remuneration for this Liquidation is \$191,127 excluding GST. This includes the current approval amount being sought of \$135,000.

I previously estimated that the Liquidator’s remuneration for the period 31 September 2019 to the completion of the winding up to be \$30,000.

The level of remuneration sought for this period is more than the estimate of \$30,000 (GST exclusive) provided in my first report to creditors dated 9 October 2019. This is due to the following:

- Completion of supplementary investigations report for ASIC
- Extensive investigations into insolvent trading claims and transactions

- Pursuing insolvent trading claim against Directors
- Pursuing potential voidable transactions and issuing demand letters to the relevant creditor(s) that received payments. If applicable, commence legal proceedings to pursue recovery
- General communications with creditors.
- Preparing super guarantee charge statements for five Quarters as requested by the ATO.

Further detail of the work completed has been included in **Schedules A and B**.

Part 5: Likely impact on dividends

The Corporations Act 2001 sets the order for payment of claims against the Company, and it provides for remuneration of the liquidation to be paid in priority to other claims. This ensures that when there are sufficient funds, the Liquidators receives 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 my remuneration, this does not guarantee that I will be paid, as I am only paid if sufficient assets are recovered.

Any dividend to creditors will also be impacted by the number of recoveries that I am able to recover and the amount of creditor claims that are admitted to participate in any dividend, including any claims by priority creditors such as employees.

At this stage my estimated return to creditors is as follows:

Liquidation Return	Likely (c/\$)
Secured Creditor	N/A
Employees (Preferential Creditors)	0 cents
Unsecured Creditors	0 cents

Part 6: Statement of Disbursements Claim

Disbursements are divided into three types:

1. Externally provided professional services - these are recovered at costs. An example of an externally provided professional service disbursement is legal fees;
2. Externally provided non-professional costs such as travel accommodation and search fees - these are recovered at costs; and
3. Internal disbursements such as ASIC Industry Funding Levy Coverage, advertising, photocopying, printing and postage and travel costs. These disbursements, if charged to the Administration, would generally be charged at costs; 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.

Part 7: Internal Disbursement Claim

The following internal disbursements have been incurred by my firm for the liquidation period. Approval of these disbursements from creditors is being sought at the meeting of creditors.

Disbursements claimed	Basis	Total (\$ Excl GST)
Staff vehicle use	\$0.68 / km	13.60
Company Searches	At Cost	607.38
Meeting Room Hire	At Cost	120.00
Travel Costs	At Cost	45.05
Total		809.25

Part 8: Summary of Receipts and Payments

A summary of the receipts and payments is attached as **Annexure E** to my creditors report.

Part 9: Remuneration Methods

There are four basic methods that can be used to calculate the remuneration charged by an Insolvency Practitioner. They are:

- **Time based / hourly rates**

This is the most common method. The total fee charged is based on the hourly rate charged for each person who carried out the work multiplied by the number of hours spent by each person on each of the tasks performed.

- **Fixed Fee**

The total fee charged is normally quoted at the commencement of the administration and is the total cost for the administration. Sometimes a Practitioner will finalise an administration for a fixed fee.

- **Percentage**

The total fee charged is based on a percentage of a particular variable, such as the gross proceeds of assets realisations.

- **Contingency**

The practitioner's fee is structured to be contingent on a particular outcome being achieved.

Method chosen

Given the nature of this liquidation, I propose that my remuneration be calculated on time based / hourly rates. This is because:

- This method reflects my practice of assigning staff at the appropriate level to conduct the necessary work. Individuals are required to record the nature of the work performed at intervals of six minutes. This method ensures creditors are only charged for work that is performed and provides complete transparency; and
- Fixed fee and percentage method are inappropriate as I am unable to estimate with certainty the total amount of fees necessary to complete all tasks required in this administration. In addition, I am required to perform a number of tasks which do not relate to the realisation of assets, e.g., statutory obligations, responding to creditor queries, and reporting to ASIC.

It is proposed that the remuneration of the Liquidators is calculated on an hourly basis at the hourly fees charged by BDO current at the time the costs are incurred.

Attached is a table which details BDO Rates as at 1 July 2019, 1 July 2020, 1 July 2021 and 1 July 2022 together with a general guide showing the qualifications and experience of staff engaged in the administration and the role they take.

Part 10: Queries/Information Sheets

The above information is provided to assist creditors consider the appropriateness of the remuneration claim that is being made.

Creditors should feel free to contact the Liquidators' office to seek further information concerning the remuneration claim if they so need.

ASIC have produced an Information Sheet entitled "Approving fees: a guide for creditors" that can be downloaded from the ARITA website (<http://www.arita.com.au>), the ASIC website (www.asic.gov.au) or alternatively a copy can be obtained if you contact this office.

Yours faithfully,




Andrew Sallway
Liquidator

Schedule A: Description of Work completed

Resolution 1: 21 January 2020 to 30 June 2022

	General Description	Includes
Administration 33.30 Hrs \$13,435.00	Planning / Review	Attended to all statutory requirements Liaised with my solicitors on progress of liquidation Internal meetings on the status of liquidation External meetings with my solicitors External meetings with litigation funders
	Correspondence	General correspondence with third parties Funding request to the Australian Taxation Office for Voidable Transactions
	Document Maintenance / File Review / Checklist	File of documents File reviews Update checklists
	Banking	Bank account reconciliations Payments made to third parties
	ASIC Forms & Other Statutory Lodgements	Corresponded with ASIC regarding statutory forms Complete ASIC Form 5602 "Annual Administration Form" Completed quarterly BAS lodgements
Assets 6.20 Hrs \$2,484.50	Cash at Bank	Internal discussion regarding the treatment of pre appointment funds held with NAB Correspond with NAB to close pre-appointment account on numerous occasions
	Plant and Equipment	Disclaiming plant and equipment back to NAB
Creditors 44.60 Hrs \$20,056.00	Creditor Enquiries	Telephone conversations with creditors Receive and follow up creditor enquiries via telephone, email, and post Review and prepare correspondence to creditors and their representatives via email and post

	Processing proofs of debt	<p>Receive and file PODs</p> <p>Correspond with the ATO regarding POD</p> <p>Update creditor claims on the file and MYOB</p>
	Creditor Report	<p>Prepared report to creditors</p> <p>Prepared Liquidators' remuneration report</p>
Employees 15.80 Hrs \$4,773.50	Employee Enquiries	<p>Responded to ongoing employee queries including entitlements and superannuation</p> <p>Liaise with FEG regarding discrepancy reports</p> <p>Reviewed and withdrew application from Administrative Appeals Tribunal</p>
	Superannuation Guarantee	<p>Reconciled ATO proof of debt with pre-appointment SGC contributions</p> <p>Issued the ATO with a request for an amended Proof of Debt</p>
Investigations 237.20 Hrs \$97,25400	ASIC reporting	<p>Prepared statutory investigation reports</p> <p>Lodged report with ASIC pursuant to section 533 of the Corporations Act ('the Act')</p> <p>Lodged with ASIC a supplementary report pursuant to Section 533 (2) of the Act</p> <p>Preparation of supporting file and investigation notes for reports to ASIC</p> <p>Liaise with ASIC regarding Director banning</p> <p>Providing answers to ASIC's questions regarding director banning</p>
	Public Examinations	<p>Prepare for and attend public examinations</p> <p>Attend to transcript of the Directors</p>
	Conducting investigation	<p>Review Legal Advice about potential claims available to the Company and/or the Liquidators</p> <p>Reviewing bank statements and accounting records from each related entity to gather evidence on preferential transactions</p> <p>Further investigations into Company's books and records for additional potential unfair preference claims</p> <p>Obtain and review advice on potential preference payments</p> <p>Finalise Investigations File Note</p>



	<p>Internal discussions regarding investigations</p> <p>Investigate conduct of Directors prior to appointment</p> <p>Investigate related party companies placed into external administration</p>
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Schedule B: Summary of Work Completed

Resolution 1: Liquidators' Remuneration for the Period from 21 January 2020 to 30 June 2022

Staff	Staff Position	Hourly Rate (\$)	Total		Administration		Assets		Creditors		Employees		Investigations	
			Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Andrew Sallway	Partner	710.00	8.30	5,893.00	-	-	-	-	-	-	-	-	8.30	5,893.00
Andrew Sallway	Partner	665.00	18.50	12,302.50	1.00	665.00	-	-	1.50	997.50	-	-	16.00	10,640.00
Tom Whitmarsh	Senior Manager	545.00	21.20	11,554.00	1.00	545.00	-	-	1.30	708.50	1.80	981.00	17.10	9,319.50
Tom Whitmarsh	Manager	465.00	0.10	46.50	0.10	46.50	-	-	-	-	-	-	-	-
Ben Carney	Manager	500.00	3.00	1,500.00	3.00	1,500.00	-	-	-	-	-	-	-	-
Ben Carney	Manager	465.00	6.40	2,976.00	6.40	2,976.00	-	-	-	-	-	-	-	-
Daniel Rigg	Manager	500.00	0.60	300.00	0.20	100.00	-	-	-	-	-	-	0.40	200.00
Daniel Rigg	Manager	465.00	51.00	23,715.00	2.30	1,069.50	3.20	1,488.00	-	-	-	-	45.50	21,157.50
Ryan Davies	Assistant Manager	460.00	66.60	30,636.00	3.00	1,380.00	-	-	32.70	15,042.00	1.50	690.00	29.40	13,524.00
Scott McMurdo	Senior Accountant	385.00	19.40	7,469.00	0.60	231.00	-	-	-	-	-	-	18.80	7,238.00
Scott McMurdo	Accountant	345.00	10.60	3,657.00	1.60	552.00	-	-	-	-	-	-	9.00	3,105.00
Emily Guan	Senior Accountant	385.00	29.60	11,396.00	5.20	2,002.00	1.90	731.50	6.80	2,618.00	1.10	423.50	14.60	5,621.00
James Hajjar	Graduate Accountant	300.00	40.40	12,120.00	4.00	1,200.00	0.10	30.00	2.30	690.00	-	-	34.00	10,200.00
James Hajjar	Undergraduate Accountant	235.00	57.70	13,559.50	2.00	470.00	1.00	235.00	-	-	11.40	2,679.00	43.30	10,175.50
James Hajjar	Undergraduate Accountant	220.00	0.50	110.00	-	-	-	-	-	-	-	-	0.50	110.00
Daniel Maras	Accountant	370.00	0.40	148.00	0.40	148.00	-	-	-	-	-	-	-	-
Daniel Maras	Graduate Accountant	220.00	2.50	550.00	2.50	550.00	-	-	-	-	-	-	-	-
Nathan Moxey	Undergraduate Accountant	235.00	0.30	70.50	-	-	-	-	-	-	-	-	0.30	70.50
Total			337.10	138,003.00	33.30	13,435.00	6.20	2,484.50	44.60	20,056.00	15.80	4,773.50	237.20	97,254.00
Less: Written Off				23,003.00										
Total				115,000.00										
GST				11,500.00										
Total (incl. GST)				126,500.00										
Average hourly rate				409.38										

Schedule C: Description of Work to be completed

Resolution 2: 1 July 2022 to the Conclusion of the Winding Up

	General Description	Includes
Administration \$6,000.00	Planning / Review	<ul style="list-style-type: none"> Attended to all statutory requirements Liaise with my solicitors on the progress of csh payments for litigation settlements Discuss the status of the liquidation
	Correspondence	General correspondence with third parties
	Document Maintenance / File Review / Checklist	<ul style="list-style-type: none"> File of documents File reviews Update checklists
	Banking	<ul style="list-style-type: none"> Bank account reconciliations Payments made to third parties Closing bank accounts
	ASIC Forms & Other Statutory Lodgements	<ul style="list-style-type: none"> Correspond with ASIC regarding statutory forms Completed BAS lodgements
	Finalisation	<ul style="list-style-type: none"> Lodge all finalisation forms Finalise all internal file notes for finalisation Attend to de-registration of the Company
Creditors \$5,000	Creditor Enquiries	<ul style="list-style-type: none"> Telephone conversations with creditors Receive and follow up creditor enquiries via telephone, email, and post Review and prepare correspondence to creditors and their representatives via email and post
	Processing proofs of debt	<ul style="list-style-type: none"> Receive and file PODs Correspond with the ATO regarding POD Update creditor claims on the file and MYOB

	Creditors Report and Meeting	Issue report to Creditors Prepare and hold meeting of creditors Lodge minutes of meeting with ASIC
Employees \$1,000.00	Employee Enquiries	Respond to ongoing employee queries including entitlements and superannuation
Investigations \$8,000	ASIC reporting	Liase with ASIC Responding to questions from ASIC relating to the section 533 report.
	Conducting investigation	Finalise unfair preference claims Internal discussions regarding investigations

Business Restructuring - Corporate Rates as at 1 July 2022

Title	Description	Hourly Rate (excl GST)
Partner	Registered Liquidator- Partner bringing specialist skills to administration or insolvency task.	770
Associate 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.	670
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.	590
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.	540
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.	500
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.	450
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.	400
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.	330
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.	260
Executive Assistant/ Personal Assistant	Appropriate computer skills including machine usage	255

Note: Office rates charged by BDO are subject to change.

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
Associate 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

Note: Office rates charged by BDO are subject to change.

Business Restructuring - Corporate Rates as at 1 July 2019 & 2020

Title	Description	Hourly Rate (excl GST)
Partner	Registered Liquidator- Partner bringing specialist skills to administration or insolvency task.	665
Associate 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.	510
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.	465
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.	425
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.	385
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.	345
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.	220
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.	220
Executive Assistant/ Personal Assistant	Appropriate computer skills including machine usage	220

Note: Office rates charged by BDO are subject to change.

‘ANNEXURE F’

Estimated Outcome Statement

Estimated Outcome Statement	Likely
<u>Non-circulating assets</u>	
Motor Vehicles	-
Less: Secured Party Debt	-
Net Non-circulating assets	-
<u>Circulating assets</u>	
Deposits Received	20,000
Interest Income	77
Merchant Fee Refund	181
Accounts Receivable	94,915
Preference Payments Recovered	121,000
Net: Circulating Assets	236,174
Petitioning Creditor Costs	2,555
Less: Legal costs	45,780
Less: Agents Fees	1,500
Less: Bank Charges	2
Less: Liquidators Remuneration	56,127
Less: Liquidators Future Remuneration	135,000
Less: Liquidators Disbursements	809
Net circulating assets available to Priority creditors	Nil
<u>Priority (Employee) Creditors</u>	
Unpaid Superannuation	57,730
SCG Penalties	23,270
TOTAL Priority claims	81,000
Estimated return to Priority creditors (c./\$)	0.00
Estimated available to unsecured creditors	Nil
<u>Unsecured Creditors</u>	
Unsecured Creditors	1,098,442
TOTAL Unsecured creditors	1,098,442
Estimated return to Unsecured Creditors (c./\$)	0.00