



**National Agricultural Services Pty Ltd**  
A.C.N.: 132 696 596

**(ADMINISTRATORS APPOINTED)**  
**(“the Company”)**

**Report by the Joint & Several  
Administrators**

20 March 2024

Pursuant to:

Section 439A of the Corporations Act 2001 (“the Act”); and  
Section 75-225 of the Insolvency Practice Rules  
(Corporations) 2016 (“IPR”).

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## Glossary of Terms

Below is a glossary of terms used throughout the reports for creditors' ease of use.

Term	Description
<b>A Callipari Family Trust</b>	A Callipari Family Trust A.B.N. 71 729 044 845
<b>Act</b>	Corporations Act 2001
<b>Adama</b>	Adama Australia Pty Ltd A.C.N.: 050 328 973
<b>Agrichem</b>	Liquid Fertiliser Pty Ltd A.C.N.: 105 456 148 trading as "Agrichem"
<b>ALL PAAP</b>	All Present and After Acquired Property
<b>Appointment date</b>	The appointment date of the Administrators, being 21 February 2024
<b>ARITA</b>	The Australian Restructuring, Insolvency and Turnaround Association
<b>ASIC</b>	Australian Securities and Investments Commission
<b>ATF</b>	As Trustee For
<b>ATO</b>	Australian Taxation Office
<b>BAS</b>	Business Activity Statement
<b>Callipari Investments</b>	Callipari Investments Pty Ltd A.C.N.: 607 908 645 ATF Santino & Siera Property Trust A.B.N.: 86 205 578 092 trading as "The Lettuce Patch"
<b>Company</b>	National Agricultural Services Pty Ltd A.C.N.: 132 696 596 (Administrators Appointed)
<b>Court</b>	Supreme Court of Victoria
<b>DCT</b>	Deputy Commissioner of Taxation
<b>Director</b>	Mr Antonio (Anthony) Callipari (appointed 22 December 2008)
<b>DIRRI</b>	Declaration of Independence, Relevant Relationships and Indemnities
<b>DOCA</b>	Deed of Company Arrangement
<b>ERV</b>	Estimated Realisable Value
<b>FEG</b>	Fair Entitlements Guarantee Scheme
<b>First Meeting</b>	The first meeting of creditors held on 4 March 2024
<b>FY</b>	Financial Year
<b>GSA</b>	General Security Agreement
<b>GST</b>	Goods and Services Tax
<b>IPR</b>	Insolvency Practice Rules (Corporations) 2016
<b>IPS</b>	Insolvency Practice Schedule (Corporations)
<b>Joint &amp; Several Administrators</b>	Brent Leigh Morgan and Shane Cremin of Rodgers Reidy
<b>Juliant Unit Trust</b>	Juliant Unit Trust A.B.N. 64 672 091 197
<b>m</b>	Millions
<b>Mildura store</b>	The Company's leased premises situated at 17-19 Eleventh Street, Mildura, Victoria 3500
<b>NAB</b>	National Australia Bank Limited A.C.N.: 004 044 937
<b>Partnership</b>	A partnership between A Callipari Family Trust and Juliant Unit Trust, Partnership A.B.N.: 23 015 640 931
<b>PPSA</b>	Personal Property Securities Act 2009
<b>PPSR</b>	Personal Property Securities Register
<b>Premises</b>	Collectively, the Mildura Store and the Red Cliffs store
<b>RBA</b>	Running Balance Account
<b>Red Cliffs store</b>	The Company's leased premises situated at 7-9 Nardoo Street, Red Cliffs, Victoria 3496
<b>Regulations</b>	The Corporations Regulations (2001)
<b>Related Entity</b>	Has the meaning given to that term in the Act (see section 9)
<b>Related Parties</b>	The parties related to the Company
<b>Relation Back Day</b>	The date in accordance with sections 9 and 91 of the Act, being the date of the Joint & Several Administrators' appointment (21 February 2024)

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<b>ROCAP</b>	ASIC Form 507 – Report on Company Activities and Property
<b>ROT</b>	Retention of Title
<b>Santino &amp; Siera Property Trust</b>	Refer to Callipari Investments
<b>Second Meeting</b>	The second meeting of creditors to be held on 28 March 2024
<b>SGAA</b>	Superannuation Guarantee (Administration) Act 1992
<b>SGC</b>	Superannuation Guarantee Charge in accordance with the SGAA
<b>SRO</b>	State Revenue Office (Victoria)
<b>Supporting Creditors</b>	Collectively, Adama and Agrichem
<b>The Lettuce Patch</b>	Refer to Callipari Investments
<b>Winharvest or Petitioning Creditor</b>	Winharvest Pty Ltd A.C.N.: 601 476 984

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## A. EXECUTIVE SUMMARY

This section addresses frequently asked questions relating to the Administration of the Company including a summary of the estimated outcome for creditors. Full details are available throughout this Report.

### A.1 Purpose of the Report

The purpose of this report is to provide creditors with sufficient information for them to make an informed decision about the future of the Company. This report details:

- Background information about the Company;
- The results of the investigations conducted to date into the Company's affairs;
- The options available to creditors; and
- The opinion of the Joint & Several Administrators on each of these options, including the Joint & Several Administrators' opinion as to which option is in the best interests of creditors.

### A.2 Deed of Company Arrangement ("DOCA")

We have received a DOCA proposal from the Company's director, Mr Anthony Callipari. The terms of the proposed DOCA are discussed at Part K of this Report.

### A.3 Joint & Several Administrators' opinion and statement

The viable options available to creditors are:

- The Company be placed into liquidation; or
- The Company execute a Deed of Company Arrangement ("DOCA"); or

Creditors may also vote to adjourn the meeting for up to forty-five (45) business days to consider any amendments to the current DOCA proposal.

**We have recommend that the most appropriate course of action would be for creditors to vote in favour of the DOCA.**

Our reasons for the recommendation are set out in the body of the report.

**Creditors should however appreciate that the future of the Company is ultimately their decision. They are not obliged to vote in accordance with our recommendation.**

### A.4 Joint & Several Administrators' Estimated Returns to Creditors

The estimated returns from the above-mentioned options are as follows:

Creditor Class	Liquidation			DOCA		
	High	Likely	Low	High	Likely	Low
Priority (Employee) Creditors	100c/\$	100c/\$	100c/\$	100c/\$	100c/\$	100c/\$
Secured Creditors	100c/\$	100c/\$	100c/\$	100c/\$	100c/\$	100c/\$
Unsecured Creditors	26.41c/\$	24.31c/\$	22.23c/\$	29.70c/\$	29.07c/\$	28.7c/\$

## **B. JOINT & SEVERAL ADMINISTRATORS' APPOINTMENT**

Shane Cremin and I were appointed as Joint & Several Administrators of the Company on 21 February 2024.

Presented hereunder is the detailed Report to Creditors of the Company pursuant to Section 439A of the Act and Section 75-225 of the IPR.

The objective of the voluntary administration regime as set out in Section 435A of the Act is to provide for the business, property and affairs of an insolvent company to be administered in a way that:

- (a) maximises the chances of the company, or as much as possible of its business, continuing in existence; or
- (b) if it is not possible for the company or its business to continue in existence, results in a better return for the company's creditors and members than would result from an immediate winding up of the company.

The purpose of the appointment of an Administrator is to allow for an independent insolvency practitioner to take control of and investigate the affairs of an insolvent company. During the administration, claims against the Company by creditors are subject to a moratorium. In addition, the Administrator is required to provide creditors with information and recommendations to assist creditors to decide upon the Company's future.

## **C. FIRST MEETING OF CREDITORS**

The first meeting of the Company's creditors was convened in accordance with Section 436E of the Act and held at Level 11, 385 Bourke Street, Melbourne on 4 March 2024 at 11:00am (AEDT).

The minutes of the first meeting have been lodged with the ASIC. A copy of these minutes can be made available by request.

## **D. SECOND (s439A) MEETING OF CREDITORS**

### **D.1 Notice of Meeting**

We draw the attention of creditors to the attached Notice convening the next meeting of the Company's creditors to be held at Level 11, 385 Bourke Street, Melbourne on 28 March 2024 at 11:00am (AEDT).

### **D.2 Purpose of Meeting**

The purpose of the forthcoming meeting is for creditors to decide the future of the Company. The alternatives which are available to creditors in this regard are discussed in detail in Part M of this Report.

### **D.3 Proxy and Informal Proof of Debt Forms**

#### **Proxy**

An Appointment of Proxy form accompanies this report. Should you:

- intend to appoint another person to act on your behalf at the meeting; or
- you are a corporate creditor;

you will need to complete a proxy.

Proxy forms should be sent to Rodgers Reidy by:

- email to: [vkartika@rodgersreidy.com.au](mailto:vkartika@rodgersreidy.com.au); or
- mailed to PO Box 150, FLINDERS LANE VIC 8009.

These forms should be received **on or before two (2) business days preceding the day of the meeting.**

### Informal Proof of Debt

Creditors are required to lodge a Proof of Debt at or before the forthcoming meeting, failing which, you may be excluded from voting at the meeting. Those creditors who have already lodged a Proof of Debt are not required to lodge a further proof unless they wish to amend their claim.

### D.4 Electronic/Telephone Attendance

Electronic facilities will be made available for the meeting via online video conferencing and/or telephone conference call. For those who are attending by virtual means, registration for the meeting will commence at 10:45am (AEDT) on 28 March 2024.

Creditors are required to notify our office of their intention to attend by video conferencing **on or before two (2) business days** preceding the day of the meeting by contacting Mr Vincent Kartika by email to [vkartika@rodgersreidy.com.au](mailto:vkartika@rodgersreidy.com.au) or by telephone on (03) 9670 8700.

## E. DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS AND INDEMNITIES

A Declaration of Independence, Relevant Relationships and Indemnities (“DIRRI”) pursuant to Section 436DA of the Act was attached to the Report to Creditors dated 23 February 2024 which, inter alia, informed creditors of our appointment as Joint & Several Administrators and the first meeting of creditors.

We undertook a proper assessment of the risks to our independence prior to accepting the appointment as Joint & Several Administrators of the Company.

This assessment identified no real or potential risks to our independence. We are not aware of any reasons that would have prevented us from accepting this appointment.

A copy of the DIRRI has been lodged with ASIC and can be made available by contacting our office.

## F. BACKGROUND INFORMATION

### F.1 Company Background Information

At the time of our appointment, the Company operated two (2) agricultural supply stores providing goods such as chemicals, fertilizers, animal feed, and general equipment and tools for farming operations and home gardens.

The Company operated out of the following two (2) leased premises:

- 17-19 Eleventh Street, Mildura, Victoria 3500 (“Mildura store”); and
- 7-9 Nardoo Street, Red Cliffs Victoria 3496 (“Red Cliffs store”);

(collectively referred to as “the Premises”).

Upon appointment, our staff attended the Premises to complete an assessment of the Company's financial position and ability to trade. The Company had no funds with which to trade or pay employee wages.

The Company employed six (6) full time staff and one (1) part time staff member which were temporarily stood down at appointment given the cash position, until such time as we could seek funding to recommence trading.

We subsequently obtained some limited funding from the Company's financier, the NAB, and recommenced trading of the Red Cliffs store on 4 March 2024. We did not recommence trading at the Mildura store. Further information in relation to the ongoing trading is set out at Part H.5 of this Report.

The Company's Director has proposed a DOCA for creditors consideration in order for the Company to continue which is discussed further at Parts K to N of this Report.

## **F.2 Regional economic conditions**

The Greater Sunraysia region is a major producer of table grapes, citrus, almonds, olives, summer fruit, wine grapes, vegetables and dried grapes.

Mildura, as with other regional centres, is experiencing a prolonged period of economic transition. Traditionally strong industries of horticulture, agriculture and manufacturing are undergoing a significant adjustment period, contributing to high levels of economic and social disadvantage and poor levels of regional growth, relative to the Victorian average.

Other issues that have significantly affected the region relate to the viability to access water for crops, the recent China trade disputes over wine have lead to oversupply of wine grapes leading to difficult negotiations for supply contracts and reduced prices paid for grape supply contracts.

The above issues have led to difficult economic conditions in the Sunraysia region, which has provided significant cashflow pressures on businesses within the region.

## **F.3 Winding Up Application**

The Company was issued with a winding up application on 23 November 2023 by one of its creditors, Winharvest, following its failure to comply with a statutory demand for payment in the amount of \$252,666.92 issued on 5 October 2023.

There are two (2) supporting creditors (Adama and Agrichem) to the winding up application. The application had a first directions hearing on 17 January 2024, and a further hearing was held on 14 February 2024 whereby the matter was adjourned until 28 February 2024.

At the hearing on 28 February 2024, we informed the Court that we had been appointed as Voluntary Administrators of the Company and we sought an adjournment of the application so that we could:

- investigate the Company's affairs;
- consider the DOCA proposed by the Company's Director;
- prepare this Report to creditors pursuant to Section 439A of the Act; and
- give the Company's creditors the opportunity to vote on the Company's future.

The Court adjourned the proceeding until 27 March 2024, being the day prior to the Second Meeting to consider any further evidence arising from the above matters. The possible outcomes at this proceeding are:



1. The proceeding is adjourned by consent of all parties to allow the Company's creditors the opportunity to vote at the Second Meeting; or
2. The Petitioning Creditor and/or the Supporting Creditors oppose any further adjournment and seek orders that the Company be wound up, in which case it would be a matter for the Court to decide whether to:
  - a. Adjourn the proceeding to allow the Company's creditors the opportunity to vote at the Second Meeting if the Court is satisfied that doing so is in the best interests of creditors; or
  - b. Place the Company into Liquidation.

In the event that the Company is placed into Liquidation, then the Second Meeting scheduled for 28 March 2024 will **not** proceed, and creditors should await further correspondence from the appointed Liquidator(s).

#### F.4 Statutory Information

Searches of the ASIC Register and the PPSR as at the date the Company was placed into voluntary administration reveal the following information:

- The Company was registered in Victoria on 12 August 2008.
- The Company's registered office is listed at 234 Deakin Avenue, Mildura, Victoria which is the address of the Company's accountants.
- The Company's principal place of business is listed at 17-19 Eleventh Street, Mildura, Victoria 3500. This is the address of the Mildura store.
- The current and former officers of the Company are:

Name	Position	Appointed	Ceased
Antonio (Anthony) Callipari	Director/Secretary	22/12/2008	N/A
Mark Noel Allford	Director/Secretary	12/08/2008	22/12/2008
Rhiannon Claire Vickers	Director	12/08/2008	22/12/2008

- Provided below is a list of the registered shareholders of the Company at the time of our appointment:

Name	Value (\$)	% Held
Antonio (Anthony) Callipari	1.00	100%

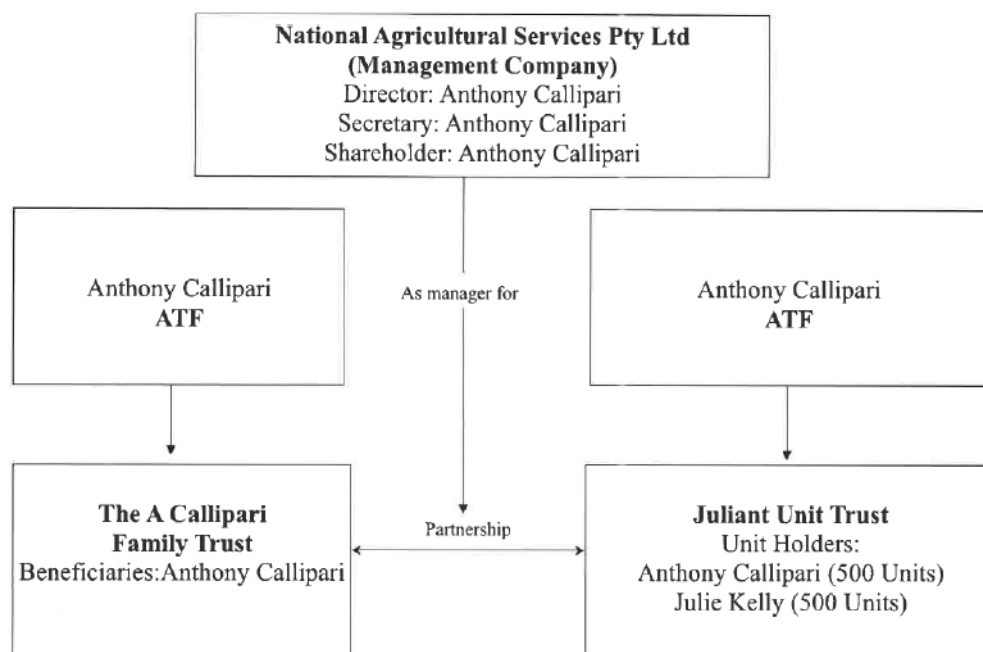
- The PPSR lists various registered security interests at the time of our appointment which are set out at **Annexure G** to this Report.

## F.5 Company Structure

The Company’s external accountants and Director have advised that for accounting purposes the Company was originally set act as the corporate manager of a partnership between the A Callipari Family Trust and the Juliant Unit Trust which together would operate the “National Agricultural Services” business.

In this case the Trusts would operate the business, own the assets and incur the liabilities.

A diagram showing the intended structure is as follows:



The external accounts and financial statements have historically been prepared on this basis since its inception up to FY2021.

However, it appears that the Company has always traded the business (including entering into supply agreements and invoicing customers) in its own right and under its own ACN and ABN, rather than as manager of the partnership. The Company’s external accountants have therefore been in the process of adjusting the financial statements from FY2022 to roll the accounts from the trusts to the Company in its own right, however there have been substantial issues with the reclassification of accounts, particularly in regard to the related party loans set out at Part G.5 of this Report.

As a result of Court decisions made in recent years, it has become clear that the powers granted to a Liquidator under the Act do **not** apply to trust property.

Therefore, in the event that the Company is placed into Liquidation, a Liquidator would need to consider the potential implications of the above structure, investigate the legal owners of the various assets and if required, make an application to the Court granting the Liquidator and the Company powers to:

- Realise any trust assets;
- Pay their remuneration and costs from the realisations of any trust assets; and
- Discharge creditors’ claims from the realisations of any trust assets.

## F.6 Related Entities

Known entities that are related to the Director as defined by Section 9 of the Act are as follows:

Name	Position Held
Callipari Investments Pty Ltd	Director & Shareholder
Glascal Pty Ltd	Shareholder
Foreshore One Pty Ltd	Shareholder
Foreshore Two Pty Ltd	Shareholder
Callipari Spadafora Investments Pty Ltd	Shareholder
Megasun Sunshine Company Pty Ltd	Former Shareholder
Fyfe Holdings Pty Ltd	Former Shareholder
Marambul Labbri Pty Ltd	Former Shareholder
Santino & Siera Property Trust	Beneficiary
A Callipari Family Trust	Trustee & Beneficiary
Juliant Unit Trust	Trustee & Unit Holder

Transactions with related entities are discussed further in Parts G.5 and J.4.3 of this Report.

## F.7 Causes of Financial Difficulty

The Director has attributed the failure of the Company to the following underlying causes:

- Prior to 2008, the Director had worked for a rural supply franchise specialising in agricultural supplies. In 2008, the Director left the role with that franchise and started up the Company. The Director had commenced trading the Company with the understanding that he would have the support of two (2) additional investors. However, not only did the promised investment never eventuate, the two (2) parties collectively owed the Company \$740,000 for stock purchased on account which they could not repay due to facing financial difficulties. The Director notes that this liability caused the Company to have financial issues from very early on and whilst it recovered, the issues hindered the Company's ability to succeed early.
- In around 2017, the Company was sourcing products from a chemical supplier, and in particular it sourced a growth formulant which it on-sold to farming clients who would spray the formulant onto their wine grapes to increase their yield. However, it became apparent that the product was in fact killing the customers vines and after an investigation had been undertaken, it was determined that the product inside the growth formulant bottles was in fact a herbicide. The Company's customers pursued claims against the supplier, and the insurance claim process went for four (4) to five (5) years with the customers collectively being paid out \$40-50 million. This caused significant detriment to the Company's reputation with its customers, and whilst the Company sought legal advice on whether it had any claims against the supplier, it was determined that the costs of doing so would outweigh any recoverable benefit.
- In recent years, the Director notes the cashflow difficulties which have been endemic to the farming and agriculture industry leading to:
  - extended payment terms for customers who are unable to raise the funds required to repay debts, some of which are waiting to sell their own farms in order to generate the required funds to repay their debts;
  - issues with the Company's ability to satisfy its debtor finance facility with the NAB given that debtors out of 90 days will not be funded, which makes generating cashflow difficult from the debtor finance facility.

- General economic hardship that is currently prevailing in the Sunraysia region leading to reduced sales and eroding the Company’s ability to generate profits / continue to trade; and
- The high lease costs for the Mildura Store which made trading conditions at that location difficult and also hindered the Company’s ability to generate profits.

The Director has also noted that he took his focus from the Company in order to establish The Lettuce Patch business which he acknowledged as a contributing factor.

Our investigations into the Company’s affairs to date do not contradict the assertions made by the Director, however we also note that the funds withdrawn from the Company via related party loan accounts (set out further at Parts G.5 and J.4 of this Report) has also contributed significantly toward the Company’s cashflow difficulties.

### F.8 Historical Financial Performance and Position

We have been provided with the financial statements of the Company for the financial year ended 30 June 2023 (with FY2022 comparative amounts), together with management accounts extracted from the Company’s electronic accounting file (“Cobalt”) maintained by the Company for the year ending 30 June 2023 and the period 1 July 2023 to 21 February 2024.

Whilst we were provided with financial statements for FY2021, they were for the trusts rather than the Company and therefore we do not consider them to be comparative and have not included them in this Report.

In regard to the management accounts, the Director has advised that Cobalt is adequate in recording the Company’s sales and stock movements, however, the management accounts obtained from the accounting system usually require a number of adjustments from the Company’s external accountants before they can be deemed accurate.

Further, issues have arisen from the Company’s external accountants reclassifying the financial statements to be reported by the Company in its own right, rather than the trusts.

Given the uncertainty as to the financial position (in particular the loan accounts), the Company’s external accountant sought to reconcile the financial statements together with other related entities to get a true position in respect of the loan accounts. We received the updated financial statements at close of business on 18 March 2024. We have requested a copy of the ledgers which set out the loan account transactions but have not received them at the time of writing this Report.

Given the limited time available in a Voluntary Administration, we have reported on the information provided to us, however in the event that the Company is placed into Liquidation, further investigations may be required by a Liquidator to verify the accuracy of the financial accounts.

### Financial Performance

Set out below is a summary of the Company’s financial performance for FY2022, FY2023 and for the period 1 July 2023 to 21 February 2024.

	FY2022	FY2023	01/07/23 - 21/02/24
Revenue	12,080,828	10,661,190	3,556,860
<b>Less</b> Cost of Goods Sold	9,401,076	8,251,237	3,247,205
<b>Gross Profit</b>	<b>2,679,752</b>	<b>2,409,953</b>	<b>309,655</b>
<b>Less</b> Expenses	2,057,069	1,920,397	990,141
<b>Net Profit/(Loss)</b>	<b>622,683</b>	<b>489,555</b>	<b>(680,486)</b>

We make the following comments in relation to the Company's financial position:

- The Company has traded profitably in FY2022 and FY2023, and has made a significant loss of \$680,486 for the period 1 July 2023 to 21 February 2024;
- Sales decreased by 11.75% between FY2022 and FY2023;
- Monthly revenue in FY2023 averaged \$888,000, which effectively halved in the period 1 July 2023 to 21 February 2024 (monthly average sales of \$444,000);
- Despite falling revenue, the Company's expenses (overheads) have remained consistently high, leading to decreased profits in FY2023 and a significant loss in the period 1 July 2023 to 21 February 2024.

### Financial Position

Set out below is a summary of the Company's financial position as at 30 June 2022, 30 June 2023 and 21 February 2024.

	30-Jun-22	30-Jun-23	21-Feb-24
<b>Assets</b>			
Current Assets	4,001,742	4,293,431	3,911,103
Non-Current Assets	933,405	932,737	933,404
<b>Total Assets</b>	<b>4,935,147</b>	<b>5,226,169</b>	<b>4,844,508</b>
<b>Liabilities</b>			
Current Liabilities	3,880,439	3,419,239	3,778,034
Non-Current Liabilities	432,024	694,690	11,174
<b>Total Liabilities</b>	<b>4,312,462</b>	<b>4,113,929</b>	<b>3,789,208</b>
<b>Net Assets/(Deficiency)</b>	<b>622,684</b>	<b>1,112,239</b>	<b>1,055,299</b>

We make the following comments in relation to the Company's financial position:

- The Company reported a net asset surplus as at 30 June 2022 and 30 June 2023, however in our view, the Company's assets may be overstated given that:
  - The significant issues regarding the recoverability of the related party loans as set out at Part G.5 of this Report; and
  - The non current assets include Goodwill of \$900,000. We note that it is unlikely that the Company could achieve a sale of its business given its financial position and the current market in the Sunraysia region. Therefore, any recovery from Goodwill is unlikely.
- The Company's financial position as at 21 February 2024 did not accurately report the assets and liabilities of the Company. Accordingly, the above summary is based on a combination of:
  - The management accounts exported from the Company's electronic accounting software;
  - Various general ledger reports and trial balances provided by the Company for various accounts with which adjustments had to be made for the balance sheet to provide accurate figures; and
  - The FY2023 financial statements prepared by the Company's external accountants.

- 
- In particular, the following adjustments were made to the amounts reported as at 21 February 2024:
    - The related party loan balances reported in the FY2023 financial statements (set out at Part G.5 of this Report) collectively totalling \$1,644,288 were added in. However, creditors should refer to our above comments on the recoverability of the loans leading to the assets being overstated;
    - The trade debtors balance was adjusted to \$1,207,248 per the ledger provided at appointment;
    - The stock on hand balance was adjusted to \$1,057,077 per the ledger provided at appointment;
    - Goodwill of \$900,000 was added to the non-current assets per the FY2023 financial statements. However, creditors should refer to my above comments on the Goodwill;
    - The Company's Plant and Equipment was adjusted to \$23,859 as per the FY2023 financial statements, noting that we are not aware of any additional equipment purchases between 1 July 2023 and 21 February 2024;
    - The security deposit for the Mildura store of \$9,545 was added in as per the FY2023 financial statements;
    - The trade creditors balance was adjusted to 3,084,515 per the ledger provided at appointment;
    - The trade creditors accrual balance was adjusted to \$17,393 per the ledger provided at appointment;
    - The debt owed to the NAB for the invoice finance facility (\$357,657), lease equipment facility (\$11,174) and credit card facility (\$25,623) were adjusted to reflect the actual balances of the accounts at appointment (refer to Part G.6 of this Report for further details). Further, the invoice finance facility debt has been reclassified as a current liability; and
    - Various equipment finance loan balances were removed as they had been paid out some time prior to the appointment.
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## G. DIRECTOR'S REPORT ON COMPANY ACTIVITIES AND PROPERTY /FINANCIAL POSITION

Pursuant to Section 438B(2) of the Act, a director of a company is required to provide the Administrators with a statement about the company's business, property, affairs and financial circumstances. Such a statement normally takes the form of a ROCAP.

On 18 March 2024, the Director provided me with a completed a ROCAP. It, together with our estimated realisable values, may be summarised as follows:

	Director's ERV	Administrators' ERV
<b>Assets</b>		
Cash	-	-
Trade Debtors	1,235,000	753,018
Stock	1,057,000	277,534
Plant and Equipment	48,000	101,356
Related Party Loans	255,000	776,559
<b>Total Assets</b>	<b>2,595,000</b>	<b>1,908,467</b>
<b>Liabilities</b>		
Secured Creditors & Partly Secured Creditors	546,000	544,707
Priority (Employee) Creditors	92,877	119,709
Unsecured (Non-Related) Creditors	3,084,515	3,235,212
Contingent Creditors	-	105,981
<b>Total Liabilities</b>	<b>3,723,392</b>	<b>4,005,609</b>
<b>Net Assets (Deficiency)</b>	<b>(1,128,392)</b>	<b>(2,097,142)</b>

The following comments are made in relation to the above table:

### G.1 Cash at Bank

At the date of our appointment, the Company held five (5) bank accounts with the NAB which had the following balances:

Account Type	Account Ending	Amount (\$)
NAB Business Everyday Account	"3408"	8.41
NAB Business Everyday Account	"4101"	689.67
NAB Rewards Business Signature	"5668"	(25,622.57)
NAB Lease Facility	"2364"	(11,173.86)
NAB Debtor Finance	"2956"	(357,657.34)
<b>Net Amount</b>		<b>(393,755.69)</b>

I make the following comments in relation to these bank accounts:

- Account ending in "3408" & "4101" – these accounts have a total credit balance of \$698.08 at appointment, which have been frozen and will be claimed by the NAB pursuant to its bankers right of offset.
- Account ending in "5668" - this is a commercial credit card facility which has a debit balance of \$25,622.57 owing to the NAB.
- Account ending in "2364" - this is a lease facility relating to the finance of a 2019 Ford Raptor (discussed further at Part G.6 of this Report). The balance of the finance owed at appointment was \$11,173.86.

- Account ending in “2956” - this relates to the Company’s debtor finance facility which had an outstanding balance of \$357,657.34 owed at the time of appointment. This is discussed further at Parts G.2 and G.6 of this Report.

## G.2 Trade Debtors

We provide the following summary of outstanding debtors and the collections made to 13 March 2024:

Category	Amount (\$)	Notes
<b>Debtors at appointment</b>	<b>1,207,248</b>	
<i>Plus Accounts in Credit at Appointment</i>	28,058	
<b>Adjusted Balance</b>	<b>1,235,306</b>	1
<i>Less Credits Applied Post Appointment</i>	- 293,652	2
<i>Less Write Offs</i>	- 713	3
<i>Less Collections to 13 March 2024</i>	- 403,190	4
<b>Remaining Balance</b>	<b>537,751</b>	5

Notes:

- At the date of appointment, the Company’s books and records set out debts owed to it of \$1,207,248. However, this included 14 customers whose accounts were in credit at the time of appointment and were collectively creditors in the amount of \$28,058. Therefore, the adjusted debtor balance excluding these credit amounts is \$1,235,306.
- Following our appointment, the Company recorded credits toward 16 customer accounts totalling \$293,652. The Director has advised that the credits relate to:
  - Stock which had been ordered from suppliers but never delivered;
  - Stock which had been requested by customers but not delivered and paid for (in some cases the stock is no longer required by the customers); and
  - Stock returned by customers due to defects.

We have sought evidence from the Director to verify the validity of the credits raised.

- The stores have used a small amount of stock (\$713) in running the business. These are recorded as a debtor so that the stock levels are correct but are ultimately to be written off.
- Pre-appointment debtor collections as at 13 March 2024 total \$403,190.
- We estimate the recoverability of the remaining balance to be as follows:

Category	Amount Owed (\$)	Estimated Liquidation Recovery	Estimated DOCA Recovery
Collectable Debts	371,958	260,370	371,958
Delinquent Debtors (Slow Payers / Farmers with cashflow issues)	99,391	39,756	74,543
Related Party Debt (Lettuce Patch)	66,403	49,701	66,403
<b>Total</b>	<b>537,751</b>	<b>349,827</b>	<b>512,904</b>

We note that debtors can be difficult to collect in a liquidation scenario and often fictitious offset claims are raised with little or no evidence to substantiate the claims.



In particular, we consider that the Delinquent Debtors (primarily being farmers who themselves are experiencing cashflow issues) may decide to not pay at all in the event that the Company is placed into Liquidation.

We consider that there is a greater prospect of recovery from debtors in a DOCA scenario given that the Company will continue to trade and the relationship between the Director and the customers will assist with collections.

### G.3 Stock

At the date of our appointment, the Company had stock on hand with a book value of \$1,057,077.

As set out further at Part G.6 of this Report, we have determined that \$150,950 of the stock is secured by suppliers with valid PPSR registrations who have either collected their stock, or would be entitled to collect their stock at the conclusion of the Voluntary Administration.

Upon our appointment, we engaged Slattery Auctions and Valuations (“Slattery”) to undertake a valuation of the stock and provide a proposal and costs involved should the stock be sold in a hypothetical liquidation scenario. Slattery assessed the value of the stock to be as follows:

Category	Market Value (\$) (excl GST)	Auction Realisable Value (\$) (excl. GST)
Stock	1,136,364	363,636
<b>Total</b>	<b>1,136,364</b>	<b>363,636</b>

We estimate that the likely net recovery from the sale of stock in a hypothetical liquidation scenario to be approximately \$277,534 (excl. GST) after taking into account selling costs (including auctioneer’s commission, labour, flights & accommodation, marketing, rent, insurance and electricity).

### G.4 Plant and Equipment (“P&E”)

The Company’s financial statements as at 30 June 2023 sets out that the Company had P&E with a depreciated book value of \$23,859. The P&E consists of motor vehicles, warehouse equipment and office equipment at both the Mildura store and the Red Cliffs store.

Following our appointment, we engaged Slattery to conduct an independent valuation of the P&E and provide a proposal and costs involved should the P&E be sold in a hypothetical liquidation scenario.

Slattery assessed the value of the P&E to be as follows:

Category	Market Value (\$) (excl GST)	Auction Realisable Value (\$) (excl. GST)
Plant and Equipment	242,818	134,218
<b>Total</b>	<b>242,818</b>	<b>134,218</b>

We note that the P&E includes six (6) motor vehicles including the 2019 Ford Raptor which is subject to the NAB’s security as set out at Part G.6 of this Report.

We estimate that the likely net recovery from the sale of P&E in a hypothetical liquidation scenario to be approximately \$101,356 (excl. GST) after taking into account selling costs (including auctioneer’s commission, labour, flights & accommodation, marketing, rent, insurance and electricity).

## G.5 Related Party Loan

The Company's financial statements as at 30 June 2023 disclose the following related a loans owed to the Company:

Related Party Loan	Balance (\$)
A Callipari Family Trust	1,214,898
Juliant Unit Trust	51,468
Santino & Sierra Property Trust	255,922
<b>Total</b>	<b>1,522,288</b>

### A Callipari Family Trust and Juliant Unit Trust Loans

We make the following comment in relation to the A Callipari Family Trust and Juliant Unit Trust Loans:

- These loans did not appear in the Company's comparative financial reports for FY2023 originally provided to us. These loans first arose upon the Company's external accountants providing amended comparative financial statements for FY2023.

These amended financial statements were provided at close of business on 18 March 2024 and resulted from the accountants changing the reporting from the trusts to the Company in its own right. Whilst we have requested a copy of the ledgers which set out the loan account transactions, we have not received them at the time of writing this Report.

- The Company's external accountant advises that the loans are effectively drawings from the Company and allocated to the two trusts. They have advised that further drawings of approximately \$122,000 would need to be added to the A Callipari Family Trust loan for the period 1 July 2023 to 21 February 2024.
- Whilst the Director has acknowledged that a portion of these loans relates to his drawings, he notes that:
  - He did not draw a salary from the Company and the drawings were partially in lieu of a salary;
  - A portion of the drawings was used to purchase P&E for the Company and pay for Company expenses. He claims that these transactions had not been correctly recorded in the Company's accounting system but could not provide a reconciliation of what portion of the loan relates to Company P&E and expenses; and
  - Should a liquidator be appointed, he would vigorously defend any action brought against him in relation to the loans.
- In regard to the Director's salary, we note that this is common practice within many companies, where a director will look to be paid via a loan account or drawings (for tax purposes) and then offset this against dividends of profits at the end of each financial year.

However, when the Company is making losses, then these drawings effectively become loans repayable to the Company. Further, if the Director is claiming that these payments were effectively his salary, then he should have reported it as such and the Company would then have been liable for PAYG on the amounts paid.

As set out at Part F.8 of this Report, the Company traded profitably in FY2022 and FY2023.

- The Company’s external accountants have advised that the only assets of the A Callipari Family Trust and Juliant Unit Trust are loans receivable from the Director and his spouse as follows:

	A Callipari Family Trust Assets	Juliant Family Trust Assets
Loan Receivable from Anthony Callipari	607,449	25,734
Loan Receivable from Julie Callipari	607,449	25,734
<b>Total</b>	<b>1,214,898</b>	<b>51,468</b>

- In a liquidation scenario, consideration must be given to:
  - The costs and effect of reconciling the loans to determine what portion related to the Company’s P&E and expenses;
  - Any set off claims the Director may assert and what a reasonable wage for a director of two (2) agricultural supply stores may be;
  - The ability of these trusts to repay the balance of the loans owed to the Company;
  - The inherent uncertainty of pursuing legal claims against the trusts, particularly given the known issues with the financial reporting;
  - The inherent uncertainty of any dividend from the Director’s bankruptcy, noting that the equity in his properties is unknown, a bankruptcy trustee’s fees and costs are unknown, and the quantum of creditors in his bankruptcy is also unknown (particularly noting that there may be significant personal guarantee creditors with claims against the Director).
- As set out at Part J.5.3 of this Report, we understand that the Director is the registered proprietor of two (2) properties and we have assumed for the purposes of this Report that the loan owed by him would be partially recoverable in a liquidation in the event that he were to be made bankrupt and pursued for the recovery of same.

Further, whilst we understand that the Director may have sufficient assets held in his name personally to partially repay the loans he owes to the A Callipari Family Trust and the Juliant Family Trust, we have not been able to obtain a sworn statement of assets and liabilities from the Director (discussed further at Part J.5.3 of this Report) and are not aware of the equity position available in the properties he owns.

Given this and the other liquidation considerations noted above, we have estimated the recovery from the Director for these loans in a liquidation as follows:

Recovery from Anthony Callipari	Balance	Estimated Recovery		
		High - 80%	Likely - 75%	Low - 70%
Loan - A Callipari Family Trust	607,449	485,959	455,587	425,214
Loan - Juliant Unit Trust	25,734	20,587	19,301	18,014
Drawings - 01/07/2023 - 21/02/2024	61,000	48,800	45,750	42,700
<b>Total</b>	<b>694,183</b>	<b>555,346</b>	<b>520,637</b>	<b>485,928</b>

- Given that the information regarding the loans only came to our attention on 18 March 2024, we have not had the opportunity to obtain a sworn statement of assets and liabilities from Ms Julie Callipari. However, searches conducted of the Victorian Land Titles Office database which have **not** revealed that she is the registered proprietor of any property in Victoria.

Further, it is our understanding from discussions with the Director that Ms Callipari owns no assets of any significance and would be unable to repay any loans in the event she were to be pursued by a liquidator. Accordingly, we do not consider any recovery from Ms Callipari to be likely in a liquidation scenario.

### Santino & Siera Property Trust Loans

The Company’s comparative financial reports for FY2023 sets out a loan balance of \$255,922 as at the date of our appointment.

As set out at Part J.5.3 and K.2 of this Report, we understand that this entity holds real property with sufficient equity to discharge this debt in full in the event that the Company was placed into liquidation and a liquidator pursued recovery of the debt. This real property is the same property that the Director has proposed to sell or refinance in order to pay the DOCA contribution set out at Part K of this Report.

However, as previously noted, there is uncertainty as to the accuracy of the loan account records and the Director has indicated that the Lettuce Patch may have offset claims against the Company. Further investigations would be required by a liquidator should the Company be placed into liquidation.

### **G.6 Secured Creditors & Partly Secured Creditors**

The secured creditors of the Company according to the PPSR are listed at **Annexure G** which includes a detailed listing of the claims at the time of our appointment.

A summary of the secured claims is as follows:

<b>Secured Creditor</b>	<b>Debt Owed (\$)</b>	<b>Value of Security (\$)</b>	<b>Estimated Deficiency (\$)</b>
NAB	393,756	393,756	-
ROT Stock Suppliers	892,162	150,951	741,211
<b>Total</b>	<b>1,285,918</b>	<b>544,707</b>	<b>741,211</b>

We make the following comments with respect of to the PPSR Creditors:

#### NAB

The NAB holds a general security interest against all of the Company’s assets, securing its total debt of \$393,756 relating to the debtor finance facility, the credit card facility and the lease facility for the 2019 Ford Raptor.

As set out at Part G.2 of this report, pre-appointment debtor recoveries to 13 March 2024 total \$403,190, and therefore we understand that the NAB debt (subject to any additional charges) has been extinguished in full.

#### ROT Stock Suppliers

Following our appointment, we wrote to all ROT stock suppliers with registrations on the PPSR and requested details of their debts and a copy of their security documents.

A stocktake was completed by the Company and provided to these suppliers. The suppliers with valid registrations have either collected their stock or will collect their stock at the conclusion of the Voluntary Administration.

A summary of the status of each ROT stock supplier is set out at **Annexure G** to this Report.

## G.7 Priority (Employee) Creditors

### Employee Claims

The Company employed six (6) full time staff and one (1) part time staff member who were temporarily stood down at appointment given the cash position, until such time as we could seek funding to recommence trading. Three (3) staff were retained upon the recommencement of trading of the Red Cliffs store, with the remaining employees being made redundant effective 28 February 2024.

Creditors should note that employee entitlements (unpaid wages, superannuation, leave entitlements and/or retrenchment payments) are afforded priority treatment pursuant to Section 556 of the Act. They are required to be paid in full before any funds become available for ordinary unsecured creditors. In short, in the event there are funds available, employees are paid before ordinary unsecured creditors.

However, an employee of the Company, who has been or who is, a director of the Company at any time during the period of twelve (12) months prior to the appointment, or is related to such a director, only receives priority of:

- \$2,000 in respect to outstanding wages and superannuation; and
- \$1,500 in respect to outstanding leave.

Any claim for other entitlements made by related employees will rank as an unsecured claim against the Company.

An estimate of the priority and non-priority amounts owed to employees in a hypothetical liquidation scenario can be summarised as follows:

Entitlements	Employee Priority Amounts	Related Priority Amounts	Related USC Amounts	Total
Wages	6,358	-	-	6,358
Superannuation	15,864	1,307	-	17,171
Annual Leave	26,422	-	-	26,422
Long Service Leave	36,964	-	-	36,964
Payment in Lieu of Notice	32,794	-	-	32,794
<b>Total</b>	<b>118,402</b>	<b>1,307</b>	<b>-</b>	<b>119,709</b>

Creditors should note that the above figures are subject to further verification and that some of these claims may not crystallise should a DOCA be accepted (i.e. leave entitlements and PILN for ongoing staff).

### Fair Entitlements Guarantee (“FEG”) scheme (available in a Liquidation only)

Eligible employees of a company who have had their employment terminated as a result of their employer’s insolvency may be eligible for assistance under FEG for outstanding employee entitlements including wages, annual leave, long service leave, payment in lieu of notice and severance payments (excluding superannuation).

FEG, which is administered by the Department of Employment and Workplace Relations (“Department”), is a safety net scheme of last resort that is **only available in the event that the Company is placed into Liquidation** and there are insufficient funds to pay accrued entitlements for redundant employees. FEG is not available to excluded employees and may not be available to employees whose employment has been transferred to another entity.

In the event that the Company is placed into liquidation, employees will be provided with further information regarding FEG and how to claim under same.

### Superannuation

We understand that the Company owes \$17,171 in relation to unpaid superannuation.

Superannuation is claimable by and payable to the ATO in accordance with the SGAA. We have not received a proof of debt from the ATO in respect to any outstanding superannuation.

### Redundancy

At the time of our appointment, the Company was classified as a Small Business Employer (i.e. it had fewer than 15 full-time, part-time or casual employees) and is therefore not required to pay redundancy under the National Employment Standards.

## **G.8 Unsecured (non-related) Creditors**

There are currently unsecured (non-related party) creditors totalling \$3,235,212. A full listing of unsecured creditors is set out at **Annexure H** to this Report.

Creditors should note that a detailed review of all claims has not been undertaken and the value of creditor claims may be subject to change. Any creditor wishing to prove and vote at the forthcoming meeting is required to (informally) prove their claim to us.

## **G.9 Contingent Creditors**

Following the decision to cease trading the Mildura store, we have commenced relocating all stock and P&E to the Red Cliffs store and will hand back possession of the Mildura store to the landlord upon completion of same.

The landlord of the Mildura store will likely have a contingent claim with respect to lease costs up to the end of the lease which we understand to be in November 2024.

We have estimated that the costs up to the end of the lease to be \$105,980.76 (excl. any release costs and make good costs). Should the landlord wish to assert such a claim, it would need to prove its efforts to mitigate its losses by releasing the Mildura store premises.

## **H. JOINT & SEVERAL ADMINISTRATORS' ACTIONS SUBSEQUENT TO APPOINTMENT**

### **H.1 Actions on Appointment**

Since our appointment we have attended to the following tasks:

#### Assets

- Attended the Company's Premises to secure and assess its operations and assets;
- Obtained a valuation of the Company's stock and P&E and conducted assessments of same;
- Obtained a proposal from Slattery on the sale of stock and P&E and assessed the relevant costs;
- Incepted insurance cover over the Company's assets;
- Written to the major banks, share registries and VicRoads to locate pre-appointment funds, shareholdings and motor vehicles;
- Liaised with suppliers with claims to P&E (e.g. phone system, servers etc);
- Liaised with the Director in relation to vehicles registered in the Company's name;
- Extracted documentation relating to debtors from the Company's accounting file including invoices, and credits;

- Liaised with the Director on the collectability of debtors;
- Written to outstanding debtors and liaised with the NAB in relation to the debtor recoveries;
- Liaised with debtors who had queries on outstanding debts;
- Maintained a debtor ledger and held internal meetings to discuss status of debtors;
- Sought evidence from the Director regarding credits applied to pre-appointment debts;
- Liaised with the Director to arrange a stocktake and discuss stock variances;
- Liaised with suppliers with valid PPSR registrations regarding the stocktakes completed and the collection of secured stock;
- Liaised with consignment suppliers regarding their agreements and the collection of consignment stock;
- Liaised with the Director on the transfer of stock and P&E from the Mildura store to the Red Cliffs store;
- Completed a review of the Related Party Loans and liaised with the external accountant regarding a reconciliation of the loans;
- Assessed the recoverability of the Related Party loans in a liquidation scenario; and
- Made various enquiries in respect to the assets of the Company.

### Creditors

- Liaised with various creditors in respect to their claims and the progress of the Administration of the Company;
- Preparation of meeting notices, proxies and advertisements for the first meeting;
- Preparation of a DIRRI and lodging the DIRRI with ASIC;
- Forward notice of meeting to all known creditors;
- Receipting and filing proofs of debt;
- Preparation of meeting file, including certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting;
- Preparation and lodgement of minutes of meetings with ASIC;
- Responding to creditor queries and questions immediately following meeting;
- Prepared reports to the Company's secured creditor, the NAB;
- Liaised with landlords in relation to leases, debts owed, and rent abatements;
- Liaised with creditors with registrations on the PPSR;
- Calculated estimated deficiencies/unsecured claims for PPSR creditors;
- Calculated potential contingent claim held by the landlord of the Mildura store;
- Liaised with the Petitioning Creditor and the Supporting Creditors on the wind up application and the DOCA proposal;
- Liaised with the NAB in regard to its security position in relation to the DOCA proposal; and
- Prepared the report to creditors pursuant to Section 439A of the Act.

### DOCA Proposal

- Liaised with the Director regarding his DOCA proposal;
- Prepared a detailed analysis of the DOCA proposal compared to a liquidation scenario;
- Made enquiries regarding the Director's capacity to meet the proposed DOCA contributions; and
- Requested and assessed various documentation from the Director in order to consider the DOCA proposal.

### Trading

- Assessed the Company's financial performance, prepared forecasts and determined viability to continue to trade;
- Liaised with the NAB to obtain funding to recommence trading;
- Established new trading accounts and liaised with suppliers and customers;

- Liaised with employees regarding ongoing trading requirements;
- Attended the Company's Premises to set up trading controls and reporting requirements;
- Liaised with the NAB regarding the reinstatement of EFTPOS facilities;
- Completed supplier, customer and payroll transactions;
- Liaised with insurers regarding ongoing trading and insurance requirements;
- Arranged a risk assessment at the Company's Premises; and
- Completing daily reconciliations of sales and payments from customers.

### Employees

- Notified certain staff of employment being terminated;
- Prepared a notice to staff regarding their entitlements and the FEG scheme;
- Obtained and reviewed employment contracts;
- Calculated outstanding employee entitlements; and
- Responded to employee queries on the Administration and entitlements.

### Investigations

- Obtained the Company's books and records;
- Obtained access to the Company's tax records;
- Conducted various statutory searches;
- Submitted a Freedom of Information request to the ATO;
- Liaised with the Company's accountant regarding the structure of the business and historical financial accounts;
- Liaised with the Director and his solicitor on the wind up application;
- Prepared an affidavit on the status of the Voluntary Administration and DOCA proposal for the wind up application;
- Attended the wind up application and provided instructions to the solicitor and barrister;
- Liaised with the Director and the Company's accountant in relation to various transactions;
- Reviewed the Company's transaction listing to determine whether there are any possible voidable transactions;
- Analysed the historical financial position and performance of the Company;
- Analysed various Company expenses;
- Liaised with the Director to discuss the Company's financial statements and history;
- Liaised with the Director in relation to the completion of a ROCAP;
- Determined the reasons for the Company's failure;
- Prepared initial review of voidable transaction and insolvent trading claims;
- Consider effect of investigations and claims on the DOCA analysis;
- Liaised with the Director regarding various transactions which may be deemed voidable and their effect on the DOCA analysis; and
- Requested statements of personal financial position from the Director.

### Other

- Other general tasks and statutory tasks associated with the conduct of the Administration, including:
  - Opened and reconciled bank accounts;
  - Notified the ATO and SRO of appointment;
  - Held planning and task review meetings; and
  - Completed various ASIC and ATO statutory lodgements.



## H.2 Books and Records and ROCAP

The Director was formally requested to provide us with a ROCAP and all Company books and records.

The prime books and records, which are required to conduct the investigations into the affairs of the Company and to calculate amounts owing to various classes of creditors, are now in our possession. As noted earlier, the Director also provided us with an executed ROCAP.

The Company's external accountant was also formally requested to deliver up all books and records in their possession. In addition, we have held discussions with the Company's former external accountant to discuss the affairs of the Company.

## H.3 Searches

A number of searches have been conducted since the Company was placed into Voluntary Administration.

The results of these searches are as follows:

- A search of the database of Vic Roads reveals that 14 vehicles were registered in the name of the Company at the time of our appointment. As set out at Part G.4 of this Report, the Company owns six (6) vehicles and therefore I made enquiries with the Director regarding the whereabouts and ownership of the remaining eight (8) vehicles registered in the Company's name.

The Director subsequently advised that:

- Two of the vehicles (1985 Hino Truck and 1998 John Deere Tractor) were non-operational and were sitting in a paddock – they had only been kept registered for sentimental reasons given that they were the first vehicles purchased by the Director when he started up the business;
- The remaining six (6) vehicles were owned or leased by himself personally or by The Lettuce Patch business and had only been registered in the name of the Company for convenience.

We have requested evidence from the Director to verify these claims and are awaiting receipt of same.

- A search conducted on the database of the Victorian Land Titles Office did **not** disclose the Company as the registered proprietor of any real property in Victoria;
- Searches of the PPSR have disclosed 43 security interests recorded against the Company. These were discussed earlier at Part G.6 of this Report and at **Annexure G**.
- A search conducted with the Sheriff's' Office did **not** reveal any outstanding warrants for the seizure of property or enforcement actions commenced by creditors in the past six (6) months.
- Searches of the ASIC and SRO unclaimed monies registers did **not** reveal any unclaimed monies claimable by the Company.
- A trademark search has **not** revealed any trademarks registered in the Company's name.
- A search of the ASIC database did **not** reveal any shareholdings in the name of the Company.
- Searches of various share registries did **not** reveal any other shareholdings held by the Company.

#### H.4 Receipts and Payments

A summary of the Receipts and Payments from 21 February 2024 to 13 March 2024 is annexed to this Report.

#### H.5 Ongoing Trading

As discussed at Part F.1 of this Report, upon our appointment we undertook an urgent assessment of the Company’s short-term trading prospects and following the receipt of some limited funding from the NAB, we decided to continue to trade the Red Cliffs store from 4 March 2024 with the day to day management under our control with the assistance of the Director.

The decision to trade the Red Cliffs store only was largely driven by the following:

- The Mildura store was high in rent, and the Mildura store landlord had refused to provide us with a rent abatement;
- The Red Cliffs store rent was significantly less, and the Red Cliffs landlord was willing to provide a six (6) week rent abatement.

The ability of trading allowed for the following:

- It provided the greatest opportunity for a successful DOCA proposal, given that all the employees do not need to be terminated;
- It provided the greatest opportunity for the Company’s debts to be collected;
- It allowed for the stock to be sold at market value rather than in an auction/fire sale.

#### Trading Position to 13 March 2024

Our trading position to 13 March 2024 is based on actual and forecasted amounts and provides for a trading surplus of circa \$29,508 as follows:

Trading Position	04/03/2024 - 13/03/2024
Income	44,184
Less Stock Purchases	-
Less Payroll Expenses	9,602
<b>Gross Profit</b>	<b>34,582</b>
Less Overheads	5,074
<b>Net Profit</b>	<b>29,508</b>

We would like to take the opportunity to thank the following organisations and people who provided support so that the Red Cliffs store could continue to operate:

- The NAB which provided the initial funding;
- The Red Cliffs landlord who provided a rent abatement;
- The Company’s employees for their tireless efforts during the trade on process to date.

The Director's DOCA proposal (set out further at Part K of this Report) would not be possible without their valued support.

## I. JOINT & SEVERAL ADMINISTRATORS' INVESTIGATIONS

Under the Act, we are required to investigate the Company's business, affairs and financial circumstances.

Pursuant to Section 75-225 of the IPR, we are also required to investigate and report to creditors on any possible recovery actions that would be available to a Liquidator, if creditors resolve to place the Company into liquidation.

Preliminary investigations have been undertaken into the potential offences that may have been committed or amounts of money that may be recoverable in the event the Company is placed into liquidation. The results of the investigations into the affairs of the Company are set out below under the various headings.

### I.1 Overview of the Joint & Several Administrators' Investigations

The investigations undertaken to date have primarily included:

- A review of the management accounts and financial statements for the financial years ended 30 June 2021, 30 June 2022, 30 June 2023, and the period 1 July 2023 to 21 February 2024;
- A review of the Company's bank statements from 1 February 2022 to 21 February 2024;
- A review of the Company's financial performance, position and trading history;
- A review of the transactions during the last four (4) years;
- A review of the solvency of the Company and the associated causes of failure;
- Enquiries with the directors, staff, creditors and other relevant parties;
- A consideration of any breaches of duty and other offences under the Act by the Director; and
- A review of potential actions available to a Liquidator (if so appointed) and the recoverability of those claims.

### I.2 Offences under the Act by the Director

We are required to complete and lodge a report pursuant to Section 438D of the Act with ASIC where it appears to us that:

- A past or present officer, or member of a Company may have been guilty of an offence in relation to the Company; or
- A person who has taken part in the formation, promotion, administration, management or winding up of a Company may have misapplied money or property of the Company or may have been guilty of negligence, default, breach of duty or trust in relation to the Company.

Where any such identified offences appear materially relevant to the creditors' decision on the Company's future, these offences **should** be disclosed.

Whilst our investigations reveal that the Company may have been insolvent from around 30 June 2023 (particularly noting the funds drawn via the related party loan accounts), we note that the agriculture sector and the Sunraysia region generally have been facing significant challenges (as previously described at Part F.2 of this Report). Accordingly, we do not consider that lodging a Section 438D report is warranted.

Our findings and determination in this regard are discussed further below.

### I.3 Care and Diligence and Duty to Act in Good Faith

The duty to act in good faith includes the following:

- To act honestly;
- To exercise powers in the interests of the Company;
- To avoid conflicts of interest;
- To use their position properly; and
- To use information only for its proper purpose.

We reiterate our earlier comments that whilst the Director may have failed to act with due care and diligence by allowing the Company to trade whilst insolvent (particularly noting the funds drawn via the related party loan accounts), we do not consider that a Section 438D report is warranted due to the significant challenges faced by the the agriculture sector and the Sunraysia region generally. However, should the Company be placed into liquidation, a liquidator may report this breach to the ASIC.

### I.4 Books and Records Maintained & Financial Statements

#### I.4.1. Books and Records Maintained

Failure by the Company to maintain books and records in accordance with Section 286 of the Act provides a rebuttable presumption of insolvency. This presumption can be relied upon by a Liquidator in an application for compensation for insolvent trading and other actions for recoveries pursuant to Division 2 of Part 5.7B of the Act from related entities. Accordingly, the state of the Company's books and records is considered material to a creditor's decision concerning the Company's future.

Whilst we note the issues with the financial statements and management accounts discussed throughout this Report, the Company has still recorded all its transactions and subject to reconciliations undertaken by the external accountant, could produce true and fair financial statements that accurately explain the Company's financial position and performance.

**Even though such reconciliations have not been completed at the time of writing this Report, we do not consider that this is sufficient to warrant reporting a breach of Section 286 of the Act.**

#### I.4.2. Financial Statements

A company's financial statements are an essential tool in the management of the business conducted by a company. The presence, or absence, of timely financial reporting in a company may provide an indication of the management capabilities of the incumbent company officers.

Accordingly, the adequacy and accuracy of financial statements is considered material to the Director's decision concerning the Company's future.

As noted earlier herein, the financial statements of the Company for FY2022 and FY2023 have been provided to our office. In addition, we have obtained various management accounts and transactional activity from the Company's accounting system. Creditors are directed to Part F.8 of this Report for further information concerning the financial statements/management accounts of the Company.

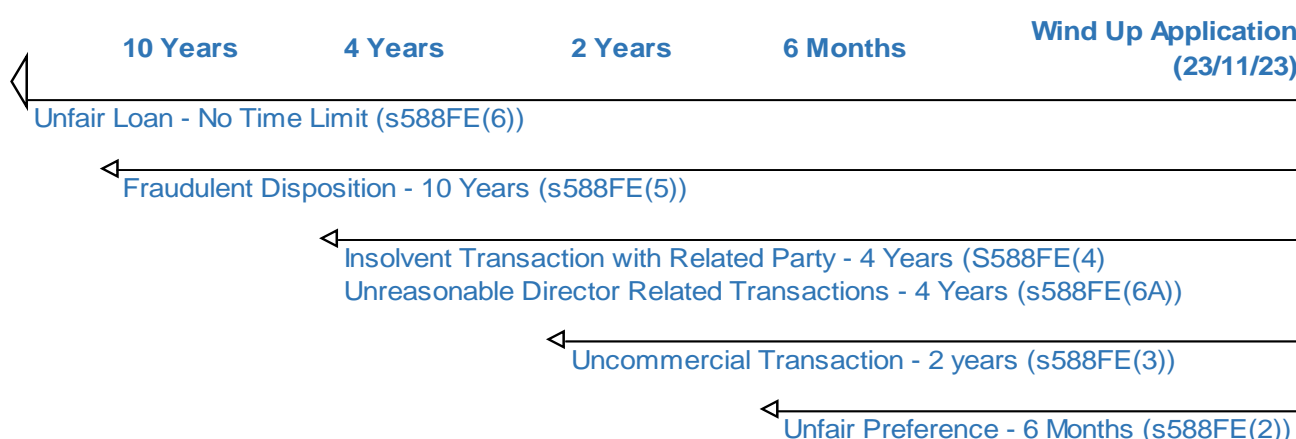
We repeat our earlier comments at Part F.8 of this Report that given the limited time available in a Voluntary Administration, we have reported on the information provided to us, however in the event that the Company is placed into Liquidation, further investigations may be required by a Liquidator to verify the accuracy of the management accounts exported from Cobalt.

## J. POTENTIAL RECOVERIES AVAILABLE TO A LIQUIDATOR

### J.1 Voidable Transactions

Pursuant to Section 75-225 of the IPR, an Administrator is required to advise creditors as to whether there are any transactions which appear to be voidable transactions in respect of which money, property or other benefits may be recoverable by a liquidator under Part 5.7B of the Act.

The following transactions are voidable transactions:



Each of these types of transactions are discussed in detail below.

Our examination of the Company’s affairs covered the period from 1 March 2020 to 21 February 2024.

The prime books and records examined included, but are not limited to the following:

- The bank records, including bank statements;
- The financial statements and management accounts of the Company;
- General ledger extracts of all transactions over a four (4) year period;
- Insurance documentation; and
- Debtor, stock, employee and creditor records.

#### J.4.1. Unfair Preference Payments

The Act allows a Liquidator a right of recovery in respect of transactions made by a company if it was insolvent at the time it entered into the transaction or if it became insolvent because of the transaction, which occurred in the period six (6) months immediately prior to the relation back date, in this case being the date the wind up application commenced (23 November 2023) up to the date of our appointment (“Relation Back Period”).

Unfair preferences are dealt with in Section 588FA of the Act. A transaction is an unfair preference if a company and a creditor (who had reasonable grounds to suspect the company was experiencing financial difficulties) are party to the transaction and the transaction results in the creditor receiving from the company more than it would in a winding up of the company.

However, it is noted that there are a number defences available to recipients of such transactions. In particular, the ‘Running Account’ principle as per Section 588FA(3) of the Act states that payments deemed to be for the purpose of inducing the creditor to provide further goods or services as well as to discharge an existing indebtedness are not preferential provided that the payment made does not exceed the value of goods or services acquired.

Having regard to the above, our investigations with respect to Unfair Preferences have identified payments to the following creditors made within the Relation Back Period that may be deemed unfair preference payments:

Creditor	Potential Unfair Preference Claim (\$)
Adama Australia Pty Ltd	203,414
Animal Control Technologies (Australia) Pty Ltd	34,837
Australian Taxation Office	149,517
Bayer Cropscience Pty Ltd	257,106
DKSH Agrisolutions Pty Ltd	42,785
Growchem Pty Ltd	140,587
Heiniger Australia Pty Ltd	42,503
Neutrog Trading Pty Ltd	322,970
Shelton Timber Treatment Company Pty Ltd	158,793
Winharvest Pty Ltd	98,756
<b>Total</b>	<b>1,451,269</b>

We have used our commercial judgement to estimate the likely recovery from the potential unfair preference claims based on the information available to us regarding the supply relationship with each creditor and any demands which had been issued to the Company would amount to circa \$625,500.

However, if the Company is placed into liquidation, further investigation will be required to determine the relationship between the Company and the respective creditors, and whether the respective creditors had reasonable grounds to suspect the Company was in financial difficulties.

#### J.4.2. Uncommercial Transactions

Section 588FE(3) of the Act provides that an uncommercial transaction may be voidable and therefore recoverable by a Liquidator of a company if it is also an insolvent transaction. That is, if entering into the transaction caused the company to become insolvent, or the company was insolvent at the time the transaction occurred.

A transaction of a company is an uncommercial transaction of the company if, and only if, it may be expected that a reasonable person in the company’s circumstances would not have entered into the transaction, having regard to:

- (a) the benefits (if any) to the company of entering into the transaction; and
- (b) the detriment to the company of entering into the transaction; and
- (c) the respective benefits to other parties to the transaction of entering into it; and
- (d) any other relevant matter.

Our investigations of the books and records of the Company did **not** reveal any uncommercial transactions, which would be recoverable by a Liquidator under Part 5.7B of the Act.

### J.4.3. Transactions with Directors/Related Entities

A transaction of a company is an unreasonable director related transaction and may be set aside if the company entered into the transaction within a director or a close associate of a director of the company and if it may be expected that a reasonable person in the company's circumstances would not have entered into the transaction. Transactions include payments, the issue of securities, conveyances or other dispositions of property by a company in favour of a director, a relative, de facto spouse or related entity of a director.

In addition, payments made to related entities may be voidable and therefore available for recovery to a Liquidator of a company if it is also an insolvent transaction, that is, if entering into the transaction caused the company to become insolvent or the company was insolvent at the time the transaction occurred.

Pursuant to Section 588FE of the Act where the transaction involved a related entity of the company and it was entered into during the four (4) years immediately prior to the relation back date, in this case being the date the wind up application commenced (23 November 2023) up to the date of our appointment, it may be voidable.

A related entity is defined by Section 9 of the Act as including:

- (a) a director or member of the corporation;
- (b) a relative or de facto spouse of such a director or member;
- (c) a related body corporate;
- (d) a director or member of a related body corporate;
- (e) a body corporate (one of whose directors is also a director of the corporation).

The entities that are known to be related to the Company are detailed in Part F.6 of this Report.

As set out at Part J.4 of this Report, we consider that the Company may have been insolvent from at least 30 June 2023.

A review of the transactions between 1 July 2023 and the date of appointment have revealed various payments recorded as "Owner Drawings". However, these appear to have been recorded in the loan accounts set out at Part G.5 of this Report, and therefore given that they are recorded as assets, they would not be deemed as unreasonable director related transactions.

If the Company is placed into liquidation, further investigation would be required to be undertaken in respect to the above transactions to determine whether they can be deemed as unreasonable director related transactions.

### J.4.4. Unfair Loans

A Liquidator is also able to recover any unfair loans pursuant to Section 588FD of the Act. A loan to a company is unfair if, and only if, the interest and/or charges on the loan were extortionate when the loan was made or have since become extortionate because of variation.

Our investigations of the books and records of the Company did **not** reveal any unfair loans which would be recoverable by a liquidator under Part 5.7B of the Act.

### J.4.5. Fraudulent Dispositions

A transaction of a company may be set aside if the company was insolvent at the time it entered into the transaction or if it became insolvent because of the transaction and if the purpose of the transaction was to defeat, delay or interfere with the rights of any or all of its creditors on the winding up of the company.

Our investigations of the books and records of the Company did **not** reveal any fraudulent dispositions which would be recoverable by a Liquidator under Part 5.7B of the Act.

#### J.4.6. Summary of Voidable Transactions

The investigations of potential voidable transactions conducted to date and outlined above are of a limited nature given the strict time space allowed under the Act for the preparation of this Report. A Liquidator if appointed to the Company will have further time to investigate in further detail the likely recovery of potential voidable transactions.

### J.2 Void Security Interests

Pursuant to Sections 588FL of the Act, a registrable security interest is voidable against a liquidator if the security interest is not registered on the PPSR on or before a period six (6) months prior to the beginning of the relation back date, unless a security interest is registered within twenty (20) business days of its creation. If a security interest is registered in the six (6) months before the critical day, being the relation back date, the security interest is voidable.

The security interests registered against the Company set out at **Annexure G** were registered more than six (6) months prior to the Company being placed into voluntary administration and/or within twenty (20) business days of their creation.

### J.3 Director's Personal Liability for Employee Entitlements

Pursuant to Section 596AB of the Act, a director may be ordered to pay compensation if agreements or transactions were entered into with the intention of avoiding payment of employee entitlements or reducing the amount of entitlements that can be recovered.

Our initial enquiries have **not** identified any such transactions.

### J.4 Insolvent Trading

Pursuant to Section 588G of the Act, where a company incurs a debt, when it is insolvent or becomes insolvent by reason of incurring that debt and a director (including a shadow or de facto director) fails to prevent the company incurring the debt, the director will be personally liable for the debt pursuant to Division Part 5.7B of the Act. If a director is found guilty of such an offence, the director may be held liable for the debts incurred by the Company during the period it traded whilst insolvent. A defence to this, is where the director can establish that when the debt was incurred, he or she had reasonable grounds to expect, and did expect, that the company was solvent.

When considering an action for personal liability against a director for trading whilst insolvent, the Liquidator needs to establish at which particular time the company was insolvent and whether there were reasonable grounds for suspecting that the company could not pay its debts as and when they fell due. It has been established that insolvency is primarily based on a cash flow test, although a balance sheet test may also be used to support the results of the cash flow test. Accordingly, to prove insolvency, it requires a consideration of the Company's circumstances in their entirety.

Our investigations have revealed that the Company may have traded while insolvent from at least 30 June 2023, but certainly by 31 October 2023 and as such, the Director may be liable for debts incurred during this period.

These findings are based on the following insolvency indicators.



Overdue Taxation Liabilities

A review of the ATO RBA statement of the Company has revealed that the liability to the ATO originated in around July 2020 as a result of the lodgement of the Activity Statement for the month ended 30 June 2020.

Notwithstanding the fact that various payment arrangements were entered into between the ATO and the Company after this date, the ATO’s debt continued to increase before reaching the current RBA deficit of \$289,694.36 as at 21 February 2024.

In addition, the Company has not yet lodged a BAS for January to March 2024 or the Income Tax Return for FY2023. Accordingly, its debt is subject to change upon completion of these lodgements.

The failure to lodge tax assessments on time and the failure to maintain payment obligations can be an indicator that it was not able to meet all of its statutory obligations as and when they fell due. Often when a company is experiencing difficulty in meeting its obligations to trade creditors, it will neglect its taxation obligations to assist with cash flow.

Current Ratio

The current ratio indicates a company’s ability to discharge its current liabilities from its current assets. A current ratio of less than 1:1 indicates that a company has insufficient assets to meet its day to day obligations and that it may be insolvent and not able to pay its obligations to creditors as and when they fall due and payable.

The Company’s current ratio at various points in time was as follows:

<b>Financial Position as at</b>	<b>30/06/2022</b>	<b>30/06/2023</b>	<b>21/02/2024</b>
Current Assets	4,001,742	4,293,431	3,911,103
Current Liabilities	3,880,439	3,419,239	3,778,034
<b>Current Ratio</b>	<b>1.03 : 1.00</b>	<b>1.26 : 1.00</b>	<b>1.04 : 1.00</b>

Creditors should refer to our comments at Part F.8 of this Report regarding the adjustments required to the balance sheet as at 21 February 2024.

According to the financial statements, the Company has had sufficient current assets to meet its obligations as and when they fell due and payable up to 21 February 2024. However, we note that:

- The Company’s current assets are likely to be overstated given the recoverability of the related party loans as set out at Part F.8 of this Report, in which case, the Company’s current ratio is likely to be overstated;
- In any event, a summary of the Company’s financial position at the time of our appointment is set out at Part G of this Report.

Net Asset Deficiency

The Company’s financial statements and management accounts set out its net asset position as follows:

Financial Position as at	30/06/2022	30/06/2023	21/02/2024
Total Assets	4,935,147	5,226,169	4,844,508
Total Liabilities	4,312,462	4,113,929	3,789,208
<b>Net Assets (Deficiency)</b>	<b>622,684</b>	<b>1,112,239</b>	<b>1,055,299</b>

Creditors should refer to our comments at Part F.8 of this Report regarding the adjustments required to the balance sheet as at 21 February 2024.

According to the financial statements and management reports, the Company had a net asset surplus up to 21 February 2024.

However, we repeat our earlier comments in regard to:

- the overstated asset position given the collectability of the related party loans and goodwill;
- the accuracy of the management accounts for the period 1 July 2023 to 21 February 2024.

Should adjustments be made for the recoverability of the related party loans and the goodwill, then the Company would have reported a net asset deficiency from at least 30 June 2023 (and possibly earlier).

In any event, the Company clearly had insufficient net assets at the date of appointment. This is an indication that the Company may not be able to meet its obligations as and when they fall due.

Trading Losses

As detailed earlier herein, the profit and loss statements extracted from the financial statements/management accounts indicate that the Company made profits in FY2022 and FY2023, and a substantial loss in the period 1 July 2023 to 21 February 2024. The trading performance is summarised as follows:

Financial Position as at	FY2022	FY2023	01/07/23 - 21/02/24
Total Income	12,080,828	10,661,190	3,556,860
Total Expenses	11,458,144	10,171,635	4,237,346
<b>Net Profit (Loss)</b>	<b>622,683</b>	<b>489,555</b>	<b>(680,486)</b>

Ongoing trading losses are an indicator that a company may not be able to meet its obligations unless additional sources of funding are available.

Creditors Ageing Payables

As seen in the table below, the Company’s management accounts reveal a historical trend of significant aged payables in excess of ninety (90) days. This is an indicator that Company was unable to meet its obligations to creditors in a timely manner.

	31/12/2022		31/03/2023		30/06/2023	
	Total (\$)	Total (%)	Total (\$)	Total (%)	Total (\$)	Total (%)
Less than 30 days	711,580	21%	620,174	18%	616,484	23%
31-60 days	1,273,077	38%	583,464	17%	517,319	19%
61-90 days	624,934	19%	615,133	18%	211,253	8%
Over 90 days	761,521	23%	1,653,805	48%	1,352,706	50%
<b>Total</b>	<b>3,371,113</b>	<b>100%</b>	<b>3,472,576</b>	<b>100%</b>	<b>2,697,762</b>	<b>100%</b>

	30/09/2023		31/12/2023		21/02/2024	
	Total (\$)	Total (%)	Total (\$)	Total (%)	Total (\$)	Total (%)
Less than 30 days	270,271	10%	373,599	13%	198,843	6%
31-60 days	543,424	20%	295,810	10%	355,892	12%
61-90 days	335,739	12%	538,902	18%	313,098	10%
Over 90 days	1,575,583	58%	1,755,380	59%	2,216,682	72%
<b>Total</b>	<b>2,725,016</b>	<b>100%</b>	<b>2,963,691</b>	<b>100%</b>	<b>3,084,515</b>	<b>100%</b>

### Creditor Demands for Payment

The Company received numerous demands from creditors, including the ATO for payment of outstanding accounts, suggesting the Company was unable to fulfil its obligations to creditors as and when they fell due.

In particular, it is noted that:

- The County Court of Victoria ordered a default judgement against the Company on 30 June 2022 in the amount of \$197,410 owed to Shelton Timber Treatment Company Pty Ltd which it paid via 11 payments between July 2022 and December 2023;
- The Company was defendant to a wind up application commenced by Huilong Agrochemicals Australia Pty Ltd (“Huilong”) on 10 March 2023 which was ultimately dismissed when the Company repaid debts owed to Huilong of approximately \$72,000 in April and May 2023;
- The Company received a statutory demand for payment from Winharvest on 5 October 2023. The Company had until 26 October 2023 (21 days) to comply with the demand which it failed to do. Following which, Winharvest filed an application to wind up the Company. Accordingly, pursuant to Section 459C(2)(a) of the Act, the Company is automatically presumed to be insolvent from this date.

### Rounded/Lump Sum Payments to Creditors

Payments that cannot be reconciled to specific invoices/debts is an indicator of insolvency. A review of the bank statements of the Company and other documentation, including the ATO RBA Statement, reveal that the Company made several rounded/lump sum payments to creditors.

### Inability to Raise Further Capital

Importantly, consideration must be given to the Company’s ability to service its debts from a cash flow perspective (i.e. is the Company experiencing a temporary liquidity issue or is it suffering from an endemic shortage of working capital).

In that regard, we note that:

- The Company’s debtor days had pushed out from 30 days to over 120 days for a large portion of its customers who were unable to raise the funds required to repay debts, some of which are waiting to sell their own farms in order to generate the required funds to repay their debts;
- The Company was unable to generate sufficient cashflow from its debtor finance facility given that debtors out of 90 days were not funded;
- Whilst the related party loans are recorded as current assets, for all intents and purposes, they were never intended to be repaid to the Company, and as a result, the Company did not have access to sufficient cash resources to be able to meet its short-term obligations.

Conclusion

Having regard to the above preliminary analysis, a Liquidator may have a claim for insolvent trading from at least 30 June 2023, but certainly from 31 October 2023 (noting the expired statutory demand).

Accordingly, should the Company be placed into liquidation at the forthcoming meeting of creditors and subject to the outcome of further investigations, the Liquidator may have a claim against the Company’s Director for approximately \$218,500, representing the increase in unrelated unsecured creditor claims between 1 July 2023 and the date of appointment.

Further investigation would be required to determine the precise date of insolvency and to quantify the loss suffered by creditors, together with an in depth investigation to ascertain the merits of commencing an action against the Director for insolvent trading, including their financial capacity to meet any demand made against them for insolvent trading.

This is discussed further at Part J.5.3 below.

**J.5 Summary of Claims**

The potential recoveries available to a Liquidator may be summarised as follows:

Right of Action	Claim Against	Estimated Claim Recovery (\$)
Unfair Preferences	Various	625,500
Director/Related Party Transactions	N/A	-
Unfair Loans	N/A	-
Void Charges	N/A	-
Insolvent Trading	Director	218,500
<b>Total</b>		<b>844,000</b>

There are three (3) issues to consider before a decision can be made as to whether these matters should be pursued. Each of these elements must be satisfied before proceedings commence. They are:

**J.5.1. Likelihood of Success**

Before a claim for any of these actions can be commenced, the Company must be in liquidation, as such actions can only be commenced by the Liquidator or by creditors with the consent of the Liquidator.

Prior consideration must also be given to the defences available to the parties to the transaction(s). There is little point in commencing a recovery action if the recipients have valid statutory defences.

For insolvent trading, for example, these defences are:

- Reasonable grounds to expect that the Company was solvent; or
- Reasonable grounds to believe and did believe that a competent and reliable person was responsible for providing adequate information on the Company's solvency and that person fulfilled that responsibility and the director believed that at the time at which the debt was incurred and in considering other debts existing at that time, the Company was solvent and remained solvent; or
- The director was ill at the time the debt was incurred; or
- Reasonable steps were taken to prevent the Company incurring the debt.

It is possible that the Director would defend any action taken against him for insolvent trading on the basis that he had sufficient personal assets with which to discharge the Company's short term obligations.

However given that this did not eventuate and that the Director has declined to provide a statement of personal assets and liabilities (set out further at Part J.5.3 of this Report), we cannot ascertain the merits of any such defence.

Creditors should also be aware of the difficulties faced in pursuing an action, which include but are not limited to:

- Any action commenced would more than likely be vigorously defended;
- The costs associated with commencing and prosecuting any legal actions; and
- The inherent uncertainties associated with litigation.

A Liquidator, if appointed, would conduct further in-depth investigations in order to assess the issue of insolvent trading and/or potential voidable transactions and the benefit to creditors as a result of any action for recovery, including the costs involved in pursuing the matter.

There must be reasonably good likelihood of establishing that the Company traded whilst it was insolvent. Regardless of the strength of a Liquidator's case, all legal proceedings have inherent uncertainty as to the result.

It is further noted that in regard to the possible unfair preference claims, consideration would need to be given as to whether the creditors had reasonable knowledge of the Company's financial circumstances at the time of the payments, and whether they could rely on any running balance defences had they continued to supply the Company at the time of the relevant payments.

### **J.5.2. Funding**

Funding will be required to pursue these actions. It is difficult to estimate an exact amount, however, we would envisage that between \$503,750 to \$821,250 would be required, with such amount calculated as follows:

Category	High \$	Likely \$	Low \$
Liquidators' Fees	250,000	200,000	150,000
Legal Fees	375,000	300,000	225,000
Filing and Lodgement Costs	27,500	27,500	27,500
Barrister's Fees	68,750	55,000	41,250
Provision for Adverse Costs Order	100,000	80,000	60,000
<b>TOTAL</b>	<b>821,250</b>	<b>662,500</b>	<b>503,750</b>

There are limited funds available in the administration to pursue the above claims.

Accordingly, the potential sources of alternative funding are:

Litigation Funding

Litigation funding involves an application being made to a funder, often an insurance company. The funder will then assess the merits of the claim and the likelihood of being able to enforce and recover funds from the defendant.

If satisfied on both counts, it will provide funding to pursue the action and provide an indemnity for any potential adverse cost orders against the Liquidator. In return for funding the action, the funder will be entitled to charge a fee that reflects its costs and the risk it has taken. The funder often charges between 30% to 50% of the total recovery. If the action is unsuccessful, the funder does not receive payment.

Creditors are only entitled to the residual proceeds. That is all costs, including the funding costs, must be deducted from recoveries arising from the action, with the net proceeds being available to creditors.

Based on the foregoing, further investigations will need to be carried out to consider the strength and commerciality of the claim, prior to any funder considering funding such actions.

Creditors/Other Parties

Any creditor may provide funding to pursue claims.

Further, pursuant to Section 100-5 of the Insolvency Practice Schedule (Corporation) the Joint & Several Administrators may assign the right to sue to any creditor or other party.

**In the event that creditors are interested in funding such actions and/or assigning a right of action, they should contact our office prior to the forthcoming meeting of creditors.**

Liquidator

It is possible that the Liquidator and their solicitor will fund the actions they deem the strongest and most straightforward. By *“picking the lowest hanging fruit first”*, the Liquidator can build up sufficient funds from which to fund any future actions.

**J.5.3. Potential Recovery**

There is little point spending significant sums of money to obtain a judgment against a party if that judgment is not able to be satisfied.

The commercial benefit to creditors of pursuing such actions rest with the ability of the defendant to have sufficient resources available to make a payment in respect of any claim or judgement against them.

Proprietary Interests

Searches have been conducted of the database of the Victorian Land Titles Office in the name of the Director, and his related entity, Callipari Investments. The results of these searches discloses the following real property in Victoria:

Real Property	Registered Proprietor
4 Federation Drive, Mildura	Director
41 Olive Avenue, Mildura	
205 Walnut Avenue, Mildura	Callipari Investments
525-529 Irymple Avenue, Irymple	
2770 Sixteenth Street, Irymple	

The NAB is registered as the mortgagee on each of the title searches. The equity contained in the each property is unknown.

Statements of Personal Assets and Liabilities

We have also requested a personal assets and liabilities statement from Director. However, as at the date of drafting this report, the statement has not been forthcoming.

Personal Guarantees

Our enquiries have further revealed that that the Director has personally guaranteed a number of supply agreements which were entered into by the Company.

Our investigations into the affairs of Company have revealed that a shortfall is likely to exist on a number of such agreements. Accordingly, the Director’s financial position is expected to worsen significantly after providing for the shortfall on the debts owing under the various guarantees.

Summary

Having regard to the above information, it is unclear as to whether the Director would have sufficient net assets to satisfy any successful insolvent trading action claim awarded against him.

## K. PROPOSED DEED OF COMPANY ARRANGEMENT (“DOCA”)

The Director has submitted to us a proposal for a DOCA. The DOCA is discussed in detail below.

### K.1 Essential & Unique Terms of the DOCA

The salient terms of the DOCA are as follows:

- The following assets/contributions will be made available to creditors under the DOCA:
  - The Director will contribute \$825,000 from his personal assets (or those of his related entities) which will comprise of:
    - a) \$525,000 from the sale of water rights attached to the properties situated at 2770 Sixteenth Street, Irymple (“Wine Grape Farm”) and 525-529 Irymple Avenue, Irymple (“Lettuce Farm”) which he will sell within four (4) weeks;
    - b) \$300,000 from the sale or refinance of either the Wine Grape farm or the Lettuce Farm, which will be completed within six (6) months;collectively referred to as the (“Personal Assets”).
  - The balance of the debtors at the time of the Administrators’ appointment (after payment to the NAB for its secured debt) will be included in the DOCA;  
Collectively referred to as the (“DOCA Fund”).
- The Director will continue to trade the Red Cliffs store and therefore, the P&E at Red Cliffs and the unencumbered stock will be used for ongoing trading (and is therefore excluded from the DOCA);
- Creditors with valid registrations on the PPSR are to collect their stock in reduction of their claims against the Company;
- The following staff will be retained by the Company for trading at the Red Cliffs store:
  - Natalina Romeo;
  - Bradley Hobson; and
  - Francesco Deluca.
- In the event that creditors vote in favour of the DOCA proposal:
  - The Director will arrange for the DOCA to be prepared;
  - The Administrators’ will become the Deed Administrators’
  - The Deed Fund will be distributed to meet the expenses incurred by the Administrators and creditor claims pursuant to Section 556 of the Corporations Act;
  - The Company will revert back to the Director’s control upon execution of the DOCA.

A copy of the signed DOCA proposal is at **Annexure I**.



## K.2 Equity Position in Personal Assets

We have made enquiries with the NAB which holds a registered mortgage over the Personal Assets. The NAB has advised that it would require \$400,000 to be paid to it following the sale of the Personal Assets in order to maintain its current equity position.

Whilst the Director is seeking updated valuations of the Personal Assets, we understand that the NAB considers the value of the water rights and the Wine Grape Farm to be approximately \$1,250,000 collectively. The NAB has not obtained a valuation of the Lettuce Patch farm at this stage.

We note that the Director considers this to be a conservative estimate and believes from his initial enquiries that the water rights and Wine Grape Farm could collectively be worth between \$1,425,000 and \$1,625,000.

It would appear based on these amounts, that the Director would have access to equity of \$850,000 to \$1,225,000 (subject to obtaining updated valuations) should he sell the water rights and the Wine Grape Farm, which would satisfy the contribution requirements under the DOCA proposal.

## K.3 Analysis of the Proposed DOCA

Our analysis of the proposed DOCA is as follows:

- The likely estimated return to unsecured creditors in the DOCA (29 cents in the dollar) is a better outcome than the likely estimated return in a Liquidation (24 cents in the dollar);
- The proposed DOCA **provides greater certainty to creditors around the quantum and timing of dividends and achieves the purposes of the Voluntary Administration regime** given that:
  - The Director's contribution of \$825,000 must be received in full within six (6) months under the terms of the DOCA and the Director/related parties appear to have sufficient equity in these assets with which to meet his contribution obligation;
  - The collectability of the debtors under a DOCA is likely to significantly increase given that the Company will continue to trade.
  - **The Company and its business will continue** meaning that three (3) employees retain their employment, the agreement with the Red Cliffs landlord continues, the Company's customers will continue and suppliers get to choose if they want to continue to supply.
- In a liquidation scenario:
  - The collectability of debtors would be expected to deteriorate, particularly with respect to the Delinquent Debtors who may decide to not pay at all should the Company cease trading;
  - The recoverability of the potential actions identified in Part J of this Report is largely unknown and the costs of pursuing these actions are significant. Further investigations would need to be conducted to determine the merits of pursuing these claims.
  - Particularly in regard to the related party loan claims set out at Part G.5 of this Report, there would be significant risks for a Liquidator to seek to bankrupt the Director and fund a bankruptcy trustee to pursue any equitable interest in properties owned by him given that the equity in the properties is unknown, the extent of the directors personal creditors (given various personal guarantees given) is also unknown.
  - Liquidators' fees and costs would be significantly higher.

- Should the DOCA proponent fail to pay the proposed contribution of \$825,000, we will seek to terminate the DOCA and a further meeting of creditors will be convened to consider placing the Company into liquidation.

## L. COMPARISON OF PROPOSED DOCA TO LIQUIDATION

We provide the following comparison between the DOCA and a liquidation scenario for the interests of creditors:

Comparison of DOCA to Liquidation	Notes	Liquidation			DOCA		
		Best (\$)	Likely (\$)	Worst (\$)	Best (\$)	Likely (\$)	Worst (\$)
<b>DOCA Contribution</b>	1	-	-	-	825,000	825,000	825,000
<b>Assets</b>							
Cash at Bank	2	-	-	-	-	-	-
Trade Debtors	3	828,319	753,018	677,716	940,942	928,518	916,094
Stock	4	310,261	277,534	244,806	-	-	-
Plant and Equipment	5	113,436	101,356	89,277	-	-	-
Related Party Loans	6	811,268	776,559	741,850	-	-	-
<b>Total Assets</b>		<b>2,063,284</b>	<b>1,908,467</b>	<b>1,753,649</b>	<b>940,942</b>	<b>928,518</b>	<b>916,094</b>
<b>Plus Liquidators Recoveries</b>							
Unfair Preference Claim Action	7	781,875	625,500	469,125	-	-	-
Unreasonable Director Related Transaction Claim Action	7	-	-	-	-	-	-
Insolvent Trading Action	7	218,500	163,875	109,250	-	-	-
<b>Total Liquidators Recoveries</b>		<b>1,000,375</b>	<b>789,375</b>	<b>578,375</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Funds</b>		<b>3,063,659</b>	<b>2,697,842</b>	<b>2,332,024</b>	<b>1,765,942</b>	<b>1,753,518</b>	<b>1,741,094</b>
<b>Less Costs</b>							
Administrators' Remuneration & Costs	8	192,270	192,270	192,270	218,590	218,590	218,590
Deed Administrators' Remuneration & Costs	8	-	-	-	90,200	90,200	90,200
Liquidators' Remuneration & Costs	8	594,250	475,500	356,750	-	-	-
Deed Administrators' Legal Costs	9	-	-	-	10,000	10,000	10,000
Liquidators' Legal Costs	9	682,500	552,500	422,500	-	-	-
<b>Total Costs</b>		<b>1,469,020</b>	<b>1,220,270</b>	<b>971,520</b>	<b>318,790</b>	<b>318,790</b>	<b>318,790</b>
<b>Funds Available for Distribution</b>		<b>1,594,639</b>	<b>1,477,572</b>	<b>1,360,504</b>	<b>1,447,152</b>	<b>1,434,728</b>	<b>1,422,304</b>
<b>Estimated Available to Secured Creditors</b>		<b>1,594,639</b>	<b>1,477,572</b>	<b>1,360,504</b>	<b>1,447,152</b>	<b>1,434,728</b>	<b>1,422,304</b>
National Australia Bank Limited	10	393,756	393,756	393,756	393,756	393,756	393,756
<b>Estimated Distribution to Priority Creditors (cents in \$)</b>		<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Estimated Available to Priority (employee) Creditors</b>		<b>1,200,884</b>	<b>1,083,816</b>	<b>966,748</b>	<b>1,053,396</b>	<b>1,040,972</b>	<b>1,028,548</b>
Employees (Wages & Superannuation)	11	23,529	23,529	23,529	21,674	21,674	21,674
Employees (Annual Leave & Long Service Leave)	11	63,386	63,386	63,386	32,154	32,154	32,154
Employees (Payment in Lieu of Notice)	11	32,794	32,794	32,794	15,931	15,931	15,931
<b>Estimated Distribution to Priority Creditors (cents in \$)</b>		<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Balance available to USC</b>		<b>1,081,175</b>	<b>964,107</b>	<b>847,039</b>	<b>983,637</b>	<b>971,213</b>	<b>958,790</b>
Unsecured (non-related party) Creditors @ appointment	12	3,235,212	3,235,212	3,235,212	3,235,212	3,235,212	3,235,212
Claims for recovery of Voidable Transactions	13	781,875	625,500	469,125	-	-	-
Contingent Creditors	14	77,099	105,981	105,981	77,099	105,981	105,981
<b>Total Proving Unsecured Creditors</b>		<b>4,094,187</b>	<b>3,966,693</b>	<b>3,810,318</b>	<b>3,312,312</b>	<b>3,341,193</b>	<b>3,341,193</b>
<b>Estimated Distribution to USC (cents in \$)</b>	15	<b>26.41</b>	<b>24.31</b>	<b>22.23</b>	<b>29.70</b>	<b>29.07</b>	<b>28.70</b>

### Notes

1. As set out at Part K of this Report, the Director has proposed to contribute \$825,000 from his Personal Assets should creditors vote in favour of the DOCA.
2. As set out at Part G.1 of this Report, the funds held in the Company's bank accounts at the time of appointment were offset against the NAB debt in accordance with its bankers right of offset.
3. In a liquidation scenario, we have estimated that that a Liquidator may recover \$753,018 from the Company's debtors being:
  - The debtor collections as at 13 May 2024 totalling \$403,190; plus
  - 70% of the debtors classified as "Collectable Debts" at Part G.2 of this Report totalling \$260,370; plus

- 40% of the debtors classified as “Delinquent Debtors” at Part G.2 of this Report totalling \$39,757; plus
- The balance of the Lettuce Patch trade debt (less credits of circa \$16,000 which the Director has claimed but yet to provide evidence for) totalling \$49,701.

The high and low returns represent a 10% increase and decrease respectively on the likely return.

We reiterate our earlier comments that the recoverability of the debtors is likely to be greater in the DOCA scenario given that the Company will continue to trade and given the relationship between the Director and the customers.

4. Creditors should refer to Part G.3 of this Report regarding the valuation of stock held by the Company. The estimated net return in a liquidation scenario has been calculated as follows:

Stock	High	Likely	Low
<b>Stock Realisations</b>	<b>400,000</b>	<b>363,636</b>	<b>327,273</b>
<i>less</i>			
Commission	40,000	36,364	32,727
Labour	25,000	25,000	25,000
Flights & Accommodation	7,000	7,000	7,000
Marketing	3,000	3,000	3,000
<b>Total Auctioneers Costs</b>	<b>75,000</b>	<b>71,364</b>	<b>67,727</b>
<i>less</i>			
Rent	9,495	9,495	9,495
Insurance	2,439	2,439	2,439
Electricity	2,805	2,805	2,805
<b>Total Other Costs</b>	<b>14,739</b>	<b>14,739</b>	<b>14,739</b>
<b>Net Sale Proceeds</b>	<b>310,261</b>	<b>277,534</b>	<b>244,806</b>

5. Creditors should refer to Part G.4 of this report regarding the valuation of P&E held by the Company. The estimated net return in a liquidation scenario has been calculated as follows:

P&E	High	Likely	Low
<b>P&amp;E Realisations</b>	<b>147,640</b>	<b>134,218</b>	<b>120,796</b>
<i>less</i>			
Commission	14,764	13,422	12,080
Labour	7,200	7,200	7,200
Flights	3,600	3,600	3,600
Accommodation	2,400	2,400	2,400
Meals	800	800	800
<b>Total Auctioneers Costs</b>	<b>28,764</b>	<b>27,422</b>	<b>26,080</b>
<i>less</i>			
Rent	3,505	3,505	3,505
Insurance	900	900	900
Utilities	1,035	1,035	1,035
<b>Total Other Costs</b>	<b>5,440</b>	<b>5,440</b>	<b>5,440</b>
<b>Net Sale Proceeds</b>	<b>113,436</b>	<b>101,356</b>	<b>89,277</b>

6. Creditors should refer to Part G.5 of this Report regarding the recoverability of the related party loans in a liquidation scenario and the risks associated with the pursuing the recovery of same.
7. Creditors should refer to Part J of this Report regarding the potential voidable transaction claims and insolvent trading claim available to a liquidator.

8. Creditors should refer to **Annexure D** for a detailed breakdown of our remuneration and costs, a summary of which is as follows:

Remuneration & Costs	Liquidation			DOCA		
	Best (\$)	Likely (\$)	Worst (\$)	Best (\$)	Likely (\$)	Worst (\$)
Administrators' Past Remuneration (Resolution 1)	131,813	131,813	131,813	131,813	131,813	131,813
Administrators' Future Remuneration (Resolution 2)	48,187	48,187	48,187	48,187	48,187	48,187
Administrators' Past Internal Disbursements (Not at Cost) (Resolution 3)	70	70	70	70	70	70
Administrators' Future Internal Disbursements (Not at Cost) (Resolution 4)	200	200	200	200	200	200
Administrators' Future Remuneration (Resolution 5)	-	-	-	26,120	26,120	26,120
Administrators' Future Internal Disbursements (Not at Cost) (Resolution 7)	-	-	-	200	200	200
Administrators' At Cost Disbursements (Travel & Accommodation)	12,000	12,000	12,000	12,000	12,000	12,000
<b>Total Administrators' Remuneration &amp; Costs</b>	<b>192,270</b>	<b>192,270</b>	<b>192,270</b>	<b>218,590</b>	<b>218,590</b>	<b>218,590</b>
Deed Administrators' Future Remuneration (Resolution 6)	-	-	-	90,000	90,000	90,000
Deed Administrators' Future Internal Disbursements (Not at Cost) (Resolution 8)	-	-	-	200	200	200
<b>Total Deed Administrators' Remuneration &amp; Costs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>90,200</b>	<b>90,200</b>	<b>90,200</b>
Liquidators' Future Remuneration (Resolution 9)	593,750	475,000	356,250	-	-	-
Liquidators' Future Internal Disbursements (Not at Cost) (Resolution 10)	500	500	500	-	-	-
<b>Total Deed Liquidators' Remuneration &amp; Costs</b>	<b>594,250</b>	<b>475,500</b>	<b>356,750</b>	<b>-</b>	<b>-</b>	<b>-</b>

9. Creditors should refer to Part J.5.2 of this Report for details on estimated legal costs in a liquidation scenario that specifically related to the recovery of the unfair preference and insolvent trading claims. However, additional legal fees may be incurred in recovery of the related party loans and to complete a trust application as set out at Part F.5 of this Report. Therefore, the total estimated legal fees in a liquidation are as follows:

Category	High \$	Likely \$	Low \$
Legal Fees	468,750.00	375,000.00	281,250.00
Filing and Lodgement Costs	32,500.00	32,500.00	32,500.00
Barrister's Fees	81,250.00	65,000.00	48,750.00
Provision for Adverse Costs Order	100,000.00	80,000.00	60,000.00
<b>TOTAL</b>	<b>682,500.00</b>	<b>552,500.00</b>	<b>422,500.00</b>

The legal costs attributed to the DOCA relate to the costs in drafting and assessing the actual deed in the event that creditors vote in favour of the DOCA proposal.

10. As set out at Part G.6 of this Report, the NAB holds a general security interest against all of the Company's assets, securing its total debt of \$393,756 relating to the debtor finance facility, the credit card facility and the lease facility for the 2019 Ford Raptor. We anticipate that this debt has been extinguished based on debtor recoveries received up to 13 March 2024.
11. Creditors should refer to Part G.7 of this Report regarding the breakdown of employee entitlement claims. The amounts claimable in a DOCA is less given that three (3) staff will be retained to continue trading the Red Cliffs store, and therefore their leave and notice entitlements do not crystallise.
12. Creditors should refer to **Annexure H** for a detailed breakdown of unsecured creditor claims.
13. In the event that the Unfair Preference recoveries set out at Part J.4.1 of this Report are realised, then those creditors may have a right to claim for those amounts as unsecured debts in the Liquidation.
14. Creditors should refer to Part G.9 of this Report for details on the potential contingent claim available to the landlord of the Mildura store.

15. It will be seen from the above comparison that priority (employee) creditors will receive 100 c/\$ in a DOCA or liquidation scenario and unsecured creditors can expect to receive the following estimated dividends under a DOCA or Liquidation scenario:

Creditor Class	Liquidation			DOCA		
	High	Likely	Low	High	Likely	Low
Priority (Employee) Creditors	100c/\$	100c/\$	100c/\$	100c/\$	100c/\$	100c/\$
Secured Creditors	100c/\$	100c/\$	100c/\$	100c/\$	100c/\$	100c/\$
Unsecured Creditors	26.41c/\$	24.31c/\$	22.23c/\$	29.70c/\$	29.07c/\$	28.7c/\$

**M. EVALUATION OF ALTERNATIVES AVAILABLE TO CREDITORS**

The Act requires the Administrator of a company to provide a statement as to his opinion on the options available to creditors. This section of the Report forms part of such a statement. The alternatives which are available to creditors are as follows:

- (i) That the administration comes to an end.
- (ii) That the Company execute a Deed of Company Arrangement.
- (iii) That the company be wound up.

Alternatively, the IPR’s provide that the meeting of creditors can be adjourned for up to forty-five (45) business days if creditors so decide.

Summary of Alternatives

These alternatives are individually evaluated below:

**(i) Administration comes to an end**

If creditors resolve that the administration should end, then the control of the Company would revert to the Director of the Company.

It is our opinion that it is **not** appropriate for the administration to end as this course of action would not solve the Company’s problems nor provide a forum for dealing with creditors’ claims.

**This alternative will not properly deal with the Company’s situation due to the insolvent state of the Company.**

**(ii) The Company to Execute a DOCA**

If creditors vote for this alternative they will be accepting the offer made by the Director in respect of the DOCA. The Company will not be wound up and opportunities to further investigate and if necessary pursue claims for insolvent trading, director related transactions and preference recoveries will be lost.

The acceptance of the proposed DOCA would result in the following estimated returns to creditors:

Creditor Class	Liquidation			DOCA		
	High	Likely	Low	High	Likely	Low
Priority (Employee) Creditors	100c/\$	100c/\$	100c/\$	100c/\$	100c/\$	100c/\$
Secured Creditors	100c/\$	100c/\$	100c/\$	100c/\$	100c/\$	100c/\$
Unsecured Creditors	26.41c/\$	24.31c/\$	22.23c/\$	29.70c/\$	29.07c/\$	28.7c/\$

**We believe this alternative is in the best interest of creditors for the reasons set out in Part K.3 of this report.**

### (iii) The Company Be Wound Up

Creditors may resolve that the Company be wound up and in these circumstances, the Act deems that the Company enters into a creditors' voluntary liquidation. The realisation of assets and distribution of proceeds to creditors will continue in the form of liquidation rather than in the form of an administration.

**It is our opinion that this alternative is not in the best interest of creditors because:**

- Even the best case estimated return in a liquidation scenario is less than the worst case estimated return in a DOCA;
- There is uncertainty as to the recoverability of debtors if the Company is placed into liquidation (reasons set out at Part G.2 of this Report);
- The recoverability of the related party loans set out in Part G.5 of this Report is uncertain and there would be significant risks for a liquidator to consider prior to pursuing the recovery of same'
- The recoverability of the potential actions identified in Part J of this Report is largely unknown and further investigations would need to be conducted to determine the merits of pursuing these claims.

### (iv) Adjournment

The IPR's provide that a meeting of creditors convened under Section 439A of the Act may be adjourned for up to forty-five (45) business days if creditors so decide.

We are of the opinion **that it is not in the best interests of creditors for the meeting to be adjourned** as it will result in undue delay and unnecessary costs in the external administration.

## N. JOINT & SEVERAL ADMINISTRATORS' RECOMMENDATION

Given the circumstances described above, we recommend that the most appropriate course of action for creditors would be to vote in favour of a resolution:

**“that the Company execute a Deed of Company Arrangement”**

Creditors are requested to complete and return to our office prior to the forthcoming meeting of creditors the following:

1. Appointment of Proxy Form; and
2. Informal Proof of Debt Form (if you have not already done so);

In situations such as this where there are insufficient assets to make an immediate distribution to any class of creditor, creditors usually do not attend the creditor's' meeting in person, however, it is a matter for creditors to decide upon as to whether or not they attend the meeting.

In the event that the Company is placed into liquidation, a resolution in respect to the destruction of the Company's books and records after the affairs of the Company have been fully wound up will also be putting to the meeting.

Further resolutions will also be put to the meeting in respect to the remuneration and internal disbursements (not at cost) of the Joint & Several Administrators, the Deed Administrator (if appointed) and the Liquidator (if appointed), the details of which are discussed below.

## O. JOINT & SEVERAL ADMINISTRATORS', DEED ADMINISTRATORS' AND LIQUIDATORS' REMUNERATION & DISBURSEMENTS

In accordance with the ARITA's Code of Professional Practice effective 1 January 2014, details of the remuneration being sought for the external administration of the Company are set-out under the headings below and in the attached remuneration report.

Insolvency Practitioners are entitled to be remunerated for acting as external administrators of a Company. This remuneration can be calculated in number of ways including:

- On the basis of time spent by the external administrator and their staff; or
- A quoted fixed fee, based on the upfront estimate; or
- A percentage of asset realisation

Charging on a **time basis** is the most common method. As advised in the initial Report to Creditors dated 23 February 2024, we propose to calculate the fees in this matter on this basis by using the hourly scale of rates set down by the firm Rodgers Reidy.

A schedule of the rates currently employed is attached for creditor's reference. Each hour is charged in six (6) minute increments. The rates are calculated to reimburse this firm for its labour and operating overheads in carrying out the tasks required for this administration. Staff are allocated to tasks according to relevant experience and qualifications. We consider this method appropriate as it ensures creditors are only charged for work that is performed by the Joint & Several Administrators and their staff.

### O.1 Declaration

We have undertaken a proper assessment of the remuneration claim hereunder in respect to our appointment as external administrator of the Company, in accordance with the law and applicable professional standards and am satisfied that the remuneration claimed is in respect of necessary work, properly performed or to be performed in the conduct of this external administration.

### O.2 Remuneration of the Joint & Several Administrators'

As noted above, we propose to seek approval of the remuneration in respect to the time incurred by the Joint & Several Administrators and that of their staff in acting as the Joint & Several Administrators of the Company at the forthcoming meeting of creditors.

Exact particulars of accrued time costs, which are based on time charges as set out by Rodgers Reidy and amended from time to time, are set out in the attached Remuneration Approval Report.

### O.3 Remuneration of Deed Administrator (if applicable)

Should creditors resolve to accept the proposed DOCA, then they will also be asked to resolve the matter of the remuneration of the Deed Administrators from the commencement to the completion of the DOCA, in addition to the remuneration incurred by the Joint & Several Administrators. An estimate of the costs of the deed administration period is also set out in the attached Remuneration Approval Report.

### O.4 Remuneration of Liquidator (if applicable)

Should creditors resolve to wind up the Company, then they will also be asked to resolve the matter of the remuneration of the Liquidators for the period 28 March 2024 to the finalisation of the liquidation, in addition to the remuneration incurred by the Joint & Several Administrators. An estimate of the costs of the liquidation is also set out in the attached Remuneration Approval Report.

## O.5 Statement of Remuneration Claim

It is proposed that the following resolutions will be tabled at the forthcoming meeting of creditors:

	Administrator's Past Remuneration	Administrator's Future Remuneration	Administrator's Future Remuneration to the execution of the DOCA	Deed Administrator's Remuneration	Liquidator's Future Remuneration	Total Remuneration
Liquidation	131,813	48,187	-	-	475,000	655,000
DoCA	131,813	48,187	26,120	90,000	-	296,120

## O.6 Queries

Should creditors require any further information with respect to the remuneration being sought, they should contact this office prior to the forthcoming meeting of creditors.

## O.7 Information Sheet

A creditor information sheet providing information to creditors regarding the approval of remuneration of an external administrator, adopted by the ARITA's Code of Professional Practice, effective 1 January 2014, can be obtained from the following website address:

[https://www.arita.com.au/ARITA/Insolvency\\_help/Insolvency\\_explained/Insolvency-Fact-Sheets.aspx](https://www.arita.com.au/ARITA/Insolvency_help/Insolvency_explained/Insolvency-Fact-Sheets.aspx)

## O.8 Disbursements

Disbursements are divided into three types:

- **Externally provided professional services (A1)** - these are recovered at cost. An example of an externally provided professional service disbursement is legal fees.
- **Externally provided non-professional costs (B1)** - these are recovered at cost. Examples of externally provided non-professional costs are travel, accommodation and search fees.
- **Internal disbursements (B2)** 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.

We are required to seek approval for the payment of any internal disbursements which are not charged at cost (B2).

Creditors should be aware that we must also account to them in respect to any other disbursements that we do incur and that creditors have the right to question the incurring of disbursements and can challenge disbursements in Court.

We will be seeking creditor approval to pay our internal disbursements (not at cost) from creditors.

Please refer to the enclosed Remuneration Approval Report for further information on our disbursements incurred or to be incurred.



## P. DISCLAIMER

The information contained in this Report is based upon investigations conducted to date into the affairs of the Company and advice from relevant parties. In these circumstances, creditors must appreciate the inherent limitations in the information provided and time prescribed by the Act to allow us to prepare this Report.

The financial position of the Company disclosed in this Report and the projected dividend calculation are 'best estimates' only, based upon information made available to us as at the date of drafting this Report. Many factors affect the estimated outcome to creditors. The data used in this Report may change as further information becomes available and after all matters in the administration are finalised. If there is any additional material information received in the administration then it will be presented to creditors as soon as practicable.

The Administrator must act as the Chairperson of the meeting and accordingly, we may exercise a casting vote with respect to the resolutions tabled at the forthcoming meeting. It is our intention to use any casting vote in accordance with the recommendations contained within this Report. This intention is based on the information available at the date of drafting this Report and the reasons set out in this Report. This position is subject to us not receiving any further material information before or during the meeting that would result in the recommendation being changed.

We trust that this Report adequately discloses information pertaining to the Company's position, and therefore allows creditors to make an informed decision as to the Company's future. Creditors with any further information concerning this Report and the affairs of the Company in general are invited to contact our office.

Please do not hesitate to contact me or Mr Vincent Kartika of this office if you require any further queries.

Yours faithfully,



**BRENT LEIGH MORGAN**  
**JOINT & SEVERAL ADMINISTRATOR**

# About Rodgers Reidy

For more than 25 years, Rodgers Reidy has provided professional corporate and personal Insolvency, Reconstruction and Forensic advice to accountants, financial institutions, corporations, government departments, legal advisers and individuals.

We are the only truly National specialised Insolvency, Reconstruction and Forensic firm with offices and Appointees in every State of Australia and the Northern Territory, together with regional offices. In addition, Rodgers Reidy has offices throughout the Asia Pacific Region and is a BTG Global Advisory network member.



The only specialist Insolvency, Forensic & Restructuring firm with **offices in all states** and Northern Territory



Recognised for **Exemplary Behaviour** in multiple case studies highlighting ethical behaviour



Leaders in **Gender Equality**



**28% of RR Liquidators are female**, compared with an industry average of 10%



**Specialists** in Personal & Corporate Financial Distress and Restructuring options



**130 staff** in 5 countries



Staff fluent in more than **17 Languages**



**Worldwide Network** as a member of BTG Global Advisory



Leaders in the adoption of **Small Business Restructure (SBR)**



**29 Directors** across Australia, New Zealand and Asia

# **APPENDIX A**

**NOTICE OF MEETING OF CREDITORS OF THE COMPANY**

**NATIONAL AGRICULTURAL SERVICES PTY LTD  
(ADMINISTRATORS APPOINTED)  
ACN: 132 696 596 (“the Company”)**

On 21 February 2024, the Company under Section 436A of the Corporations Act 2001 (“the Act”) appointed Brent Leigh Morgan and Shane Cremin of Rodgers Reidy as the Joint & Several Administrators of the Company.

Notice is given that a meeting of the creditors of the Company will be held as follows:

**Date:** Thursday, 28 March 2024  
**Time:** 11:00am (AEDT)  
**Address:** Level 11, 385 Bourke Street, Melbourne, Victoria 3000

**Agenda**

The purpose of the meeting is to:

- Consider the Joint & Several Administrators’ report and statement and any other matters raised relating to the company’s future and then to resolve either that:
  - a) the Company execute a deed of company arrangement; or
  - b) the administration should end; or
  - c) the Company be wound up; or
  - d) the meeting be adjourned.
- Consider and if thought fit determine the Joint & Several Administrators’ remuneration and internal disbursements (not at cost).
- If the Company executes a deed of company arrangement:
  - a) to determine the remuneration and internal disbursements (not at cost) of the Deed Administrator(s); and
  - b) to consider the appointment of a Committee of Inspection.
- If the Company is wound up:
  - a) to determine the remuneration and internal disbursements (not at cost) of the Liquidator(s);
  - b) (if appropriate) to consider the appointment of a Committee of Inspection; and
  - c) (if appropriate) to consider authorising the Liquidator to dispose of the books and records of the Company and the liquidation after finalisation, subject to obtaining ASIC approval.
- To discuss any other relevant business which may arise.

## Attending and voting at the meeting

Creditors are invited to attend the meeting, however they are not entitled to participate and vote at a meeting unless:

- **Proof of debt:** They have lodged with the Joint & Several Administrators particulars of the debt or claim and the claim has been admitted, wholly or in part, by the Joint & Several 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 or attendance:** They are either present in person or by electronic facilities (if being made available) or validly represented by proxy, attorney or an authorised person under Section 250D of the Act. If a corporate creditor or represented, a proxy form, power of attorney or evidence of appointment of a company representative pursuant to Section 250D of the Act must be validly completed and provided to the Joint & Several Administrators at or before the meeting.

A proxy is only valid for a particular meeting and will need to be resubmitted even if previously provided.

To enable sufficient time to review, proofs of debt and proxies (or document authorising the representation) should be submitted to Mr Vincent Kartika on [vkartika@rodgersreidy.com.au](mailto:vkartika@rodgersreidy.com.au) or PO Box 150, Flinders Lane Victoria 8009 **by no later than 5:00PM on 26 March 2024**. If you choose to return these documents, please allow sufficient time for the documents to be received prior to the due date.

### Electronic facilities

Electronic facilities will be made available at the meeting via teleconference and online video conferencing.

To access those facilities, you need to provide a statement by email to Mr Vincent Kartika on [vkartika@rodgersreidy.com.au](mailto:vkartika@rodgersreidy.com.au), no later than two (2) business days before the meeting which sets out:

<b>Name</b>	The name of the person and of the proxy or attorney (if any).
<b>Address</b>	An address to which notices to the person, proxy or attorney may be sent.
<b>Contact</b>	The method of contacting the person, proxy or attorney for the meeting.

On receipt of this statement, you will be provided with instructions on how to access the facilities for the meeting.

Any queries should be directed to Mr Vincent Kartika.

Dated: 20 March 2024



**BRENT LEIGH MORGAN**  
**JOINT & SEVERAL ADMINISTRATOR**

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**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.

**IPR (Corp) 75-110 Voting on resolutions**

- (7) For the purposes of determining whether a resolution is passed at a meeting of creditors of a company, the value of a creditor of the company who:
  - (a) is a related creditor (within the meaning of subsection 75-41(4) of the Insolvency Practice Schedule (Corporations)), for the purposes of the vote, in relation to the company; and
  - (b) has been assigned a debt; and
  - (c) is present at the meeting personally, by telephone, by proxy or attorney; and
  - (d) is voting on the resolution;is to be worked out by taking the value of the assigned debt to be equal to the value of the consideration that the related creditor gave for the assignment of the debt.

# **APPENDIX B**

## INFORMAL PROOF OF DEBT FORM

Regulation 5.6.47  
Corporations Act 2001

To the Joint & Several Administrators of National Agricultural Services Pty Ltd (Administrators Appointed) ACN: 132 696 596

Name of Creditor .....

Address of Creditor .....

Telephone Number .....

Amount of Debt Claimed (see Note) \$ .....

Consideration for Debt .....

Whether Debt Secured or Unsecured .....

If secured, give details of security including dates, etc.

.....  
.....  
.....

Signature of the Creditor (or person authorised by creditor)

### **PREFERENCE TO RECEIVE REPORTS BY EMAIL**

Should you wish to receive all future reports and correspondence from our office via email please provide an email address for future correspondence.

Email: .....

### **NOTE:**

Pursuant to Section 75-85 and 75-130 of the Insolvency Practice Rules (Corporations) 2016 ("IPR"), a creditor is not entitled to vote at a meeting or on a proposal without a meeting unless:

- his or her claim has been admitted, wholly or in part, by the Joint & Several Administrators; or
- he or she has lodged with Joint & Several Administrators particulars of the debt or claim.

If a meeting is being held, an Appointment of Proxy form may be required and must be submitted to the Joint & Several Administrators at or prior to the meeting.

A secured creditor may vote at a meeting under Part 5.3A of the Corporations Act 2001 (i.e. in a Voluntary Administration) for the whole of his or her debt without deduction of security (IPR 75-87). In all other appointment types, a secured creditor may only vote for any deficiency in their security.



# **APPENDIX C**

**APPOINTMENT OF PROXY FORM**

**NATIONAL AGRICULTURAL SERVICES PTY LTD  
(ADMINISTRATORS APPOINTED)  
ACN: 132 696 596 (“the Company”)**

I/We (creditor name)(1) \_\_\_\_\_  
of (creditor address) \_\_\_\_\_

a creditor of **National Agricultural Services Pty Ltd (Administrators Appointed)** appoint

(2) \_\_\_\_\_ or in his/her absence

(3) \_\_\_\_\_ or failing that the  
Chairperson, as my/our general/special proxy to vote at the meeting of creditors of the Company to be held on  
**Thursday, 28 March 2024 commencing at 11:00AM (AEDT)** or at any adjournment of that meeting, and to vote:

generally as he/she determines on my/our behalf

**OR**

specifically in accordance with the following special instructions

**Remuneration for Voluntary Administration period**

	<b>Resolution</b>	<b>For</b>	<b>Against</b>	<b>Abstain</b>
<b>1.</b>	“That the remuneration of the Joint & Several Administrators for the period 21 February 2024 to 15 March 2024, calculated at hourly rates as detailed in the Remuneration Approval Report dated 20 March 2024, is approved for payment in the sum of \$131,813, which excludes GST of \$13,181, and that the Joint & Several Administrators can draw the remuneration from available funds immediately or as funds become available.”	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>2.</b>	“That the future remuneration of the Joint & Several Administrators from 16 March 2024 to 28 March 2024 is determined at a sum equal to the cost of time spent by the Joint & Several Administrators and their directors and staff, calculated at the hourly rates as detailed in the Remuneration Approval Report dated 20 March 2024, up to a capped amount of \$48,187, exclusive of GST, and that the Joint & Several Administrators can draw the remuneration as incurred from available funds or as funds become available.”	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>3.</b>	“That the internal disbursements (not at cost) claimed by our firm for the period 21 February 2024 to 29 February 2024, calculated at the rates detailed in the Remuneration Approval Report dated 20 March 2024, are approved for payment in the amount of \$70, which excludes GST of \$7.00, and that the Joint & Several Administrators can draw the disbursements from available funds immediately or as funds become available.”	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>4.</b>	“That the internal disbursements (not at cost) claimed by our firm for the period 1 March 2024 to 28 March 2024, calculated at the rates detailed in the Rodgers Reidy Guide to Hourly Rates as at 1 November 2022, are approved up to a capped amount of \$200, exclusive of GST, and that the Joint & Several Administrators can draw the disbursements as incurred from available funds immediately or as funds become available.”	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## The Company's Future

Select **one** of the following:

Resolution	For	Against	Abstain
The Company execute a Deed of Company Arrangement ("DOCA"); or	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The Administration end and control of the Company revert back to the directors; or	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The Administration end and control of the Company revert back to the directors; or	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The meeting be adjourned.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Remuneration for the Deed Administration period

Resolutions are only applicable when voting in favour of a Deed of Company Arrangement.

	Resolution	For	Against	Abstain
5.	"That the future remuneration of the Joint & Several Administrators from 28 March 2024 to the execution of the DOCA is determined at a sum equal to the cost of time spent by the Joint & Several Administrators and their directors and staff, calculated at the hourly rates as detailed in the Remuneration Approval Report dated 20 March 2024, up to a capped amount of \$26,120, exclusive of GST, and that the Joint & Several Administrators can draw the remuneration as incurred from available funds or as funds become available."	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.	"That the future remuneration of the Deed Administrator(s) from the execution of the DOCA to the effectuation of the DOCA is determined at a sum equal to the cost of time spent by the Deed Administrator and their directors and staff, calculated at the hourly rates as detailed in the Remuneration Approval Report dated 20 March 2024, up to a capped amount of \$90,000, exclusive of GST, subject to the Deed Administrator's right to seek further fee approval should the need arise and that the Joint & Several Administrators can draw the remuneration as incurred from available funds or as funds become available."	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.	"That the internal disbursements (not at cost) claimed by our firm for the period 28 March 2024 to the execution of the DOCA, calculated at the rates detailed in the Rodgers Reidy Guide to Hourly Rates as at 1 November 2022, are approved up to a capped amount of \$200, exclusive of GST, and that the Joint & Several Administrators can draw the disbursements as incurred from available funds immediately or as funds become available."	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.	"That the internal disbursements (not at cost) claimed by our firm for the period from the execution of the DOCA to the effectuation of the DOCA, calculated at the rates detailed in the Rodgers Reidy Guide to Hourly Rates as at 1 November 2022, are approved up to a capped amount of \$200, exclusive of GST, and that the Deed Administrators can draw the disbursements as incurred from available funds immediately or as funds become available."	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Remuneration for the Liquidation period**

Resolutions are only applicable when voting in favour of the company being wound up.

	<b>Resolution</b>	<b>For</b>	<b>Against</b>	<b>Abstain</b>
9.	“That the future remuneration of the Liquidator(s) from 28 March 2024 to the completion of the liquidation is determined at a sum equal to the cost of time spent by the Liquidators and their directors and staff, calculated at the hourly rates as detailed in the Remuneration Approval Report dated 20 March 2024, up to a capped amount of \$475,000, exclusive of GST, subject to the Liquidator’s right to seek further fee approval should the need arise and that the Liquidator(s) can draw the remuneration as incurred from available funds or as funds become available.”	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.	“That the internal disbursements (not at cost) claimed by our firm for the period from 28 March 2024 to the completion of the Liquidation, calculated at the rates detailed in the Rodgers Reidy Guide to Hourly Rates as at 1 November 2022, are approved up to a capped amount of \$500, exclusive of GST, and that the Liquidators can draw the disbursements as incurred from available funds immediately or as funds become available.”	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Destruction of Books and Records (if applicable)**

Only applicable when voting in favour of the company being wound up.

	<b>Resolution</b>	<b>For</b>	<b>Against</b>	<b>Abstain</b>
11.	“That subject to obtaining approval from the Australian Securities & Investments Commission pursuant to Section 70-35 of the Insolvency Practice Schedule, the books and records of the Company and of the Liquidator(s) be disposed of by the Liquidator(s) six (6) months after the dissolution of the Company.”	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Note:** If the “Chairperson” is appointed Proxy, then the proxy vote cannot be exercised in favour of a resolution pertaining to the Administrators’ remuneration unless it specifically indicates how the proxy is to vote upon the resolution.

Dated this \_\_\_\_ day of March 2024

\_\_\_\_\_  
Signature<sup>(4)</sup> of individual  
or persons acting for  
corporation<sup>(5)</sup> to appoint proxy

**OR**

The Common Seal<sup>(6)</sup> of \_\_\_\_\_ Ltd  
was affixed hereto in the presence of

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director/Secretary

**CERTIFICATE OF WITNESS** - only complete if the person giving the proxy is blind or incapable of writing.

I, \_\_\_\_\_ of \_\_\_\_\_

certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person appointing the proxy and read to him/her before he/she attached his/her signature or mark to the instrument.

DATED this \_\_\_\_\_ day of March 2024

Signature of witness \_\_\_\_\_  
Description \_\_\_\_\_  
Place of residence \_\_\_\_\_

**Notes:**

- (1) If a firm strike out "I" and set out the full name of the firm.
- (2) Insert the name of the person appointed.
- (3) If a special proxy, tick the relevant box specific to the particular resolution.
- (4) The signature of the creditor, contributory, debenture holder or member is not to be attested by the person nominated as proxy.
- (5) Corporations Act 2001 ("the Act"), Sections 127 and 250D
- (6) The method of affixing the common seal should be prescribed by the creditor corporation's articles.

**Proxy forms should have been completed and returned by no later than 5:00pm on 26 March 2024 to be eligible to vote at the meeting.**

**RETURN TO: National Agricultural Services Pty Ltd (Administrators Appointed)**

of care of Rodgers Reidy  
Address: PO Box 150, FLINDERS LANE VIC 8009  
Email: [vkartika@rodgersreidy.com.au](mailto:vkartika@rodgersreidy.com.au)  
Fax: 03 9642 0525

**Kindly read below to ensure that you are entitled to cast your vote at the meeting of creditors.**

- A creditor may use this form to appoint a natural person over the age of eighteen (18) as his or her proxy to attend and vote at the meeting.
- **A new Proxy form is required for each meeting of creditors.** This means, that even if you lodged a Proxy with the Joint & Several Administrators / Chairperson at a previous meeting, a new Proxy will be required for this meeting if you wish to cast your vote. The only exception is where a meeting is adjourned, in which case it is the same meeting being held on a different date.
- To assist you with determining whether you will be required to complete this form for the meeting, kindly refer below:
- When appointing a person as your proxy, you may choose:
  - (i) General Proxy – which gives the proxy discretion as to how he or she votes; or
  - (ii) Special Proxy – which specifies the manner in which the proxy is to vote on a particular resolution, and the proxy is not entitled to vote on the resolution except as specified on the form.
- For a creditor that is a company, kindly note that the Proxy does not need to have the company seal affixed, however, the Proxy must be signed by (pursuant to Section 127 of the Act):
  - (i) Two (2) directors of the company; or
  - (ii) A director and a company secretary of the company; or
  - (iii) For a proprietary company that has a sole director who is also the sole company secretary – that director. In this event, the director must write next to their signature the words "I am the sole director and sole company secretary of the company".

# **APPENDIX D**

20 March 2024

## Remuneration Approval Report

### **National Agricultural Services Pty Ltd (Administrators Appointed) A.C.N. 132 696 596 (“the Company”)**

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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 and internal disbursements (not at cost) for undertaking the Voluntary Administration, Deed of Company Arrangement (“DOCA”) (if applicable) and Liquidation (if applicable) of the Company.

This report has the following information included:

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4. Disbursements sought.....	7
5. Likely impact on dividends.....	8
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## 1. Summary

We are asking creditors to approve our remuneration and disbursements (not at cost). Details of remuneration and disbursements can be found in sections 3 and 4 of this report and are summarised below.

Creditors will be asked to pass resolutions at the meeting to be held pursuant to Section 439A of the Corporations Act 2001 (“s439A”) and the Insolvency Practice Rules (“IPR”) on 28 March 2024.

We estimate that the total cost of this appointment as follows:

### Should creditors vote to accept the proposed DOCA:

Appointment	Report Reference	Amount (\$)
<b>Voluntary Administration</b>		
Resolution 1: 21 February 2024 to 15 March 2024	Schedules A & B	\$215,461
Resolution 2: 16 March 2024 to 28 March 2024	Schedules C & D	Capped at \$180,000
Resolution 5: 28 March 2024 to the execution of the DOCA	Schedules E & F	\$26,120
<b>Deed Administration</b>		
Resolution 6: Execution of the DOCA to completion of the DOCA	Schedule G & H	\$90,000
<b>Total Remuneration</b>		<b>\$296,120</b>

### Should creditors vote to place the Company into Liquidation:

Appointment	Report Reference	Amount (\$)
<b>Voluntary Administration</b>		
Resolution 1: 21 February 2024 to 15 March 2024	Schedule A & B	\$215,461
Resolution 2: 16 March 2024 to 28 March 2024	Schedule C & D	Capped at \$180,000
<b>Liquidation</b>		
Resolution 9: 28 March 2024 to the completion of the Liquidation	Schedule I & J	\$475,000
<b>Total Remuneration</b>		<b>\$655,000</b>

*The amounts in the above tables are expressed exclusive of GST.*

**Creditors will note that we have capped our remuneration in the Voluntary Administration (up to the meeting of creditors) at \$180,000 this provides a discount of \$35,461 in the DOCA or Liquidation.**

This capped amount (\$180,000) differs to the estimate of costs provided in the Initial Remuneration Notice dated 23 February 2024, which estimated a cost of the administration of \$60,000 to \$100,000 (excluding GST), the reasons for which are set out below:



## Assets

- Attended the Company's Premises to secure and assess its operations and assets;
- Obtained a valuation of the Company's stock and P&E and conducted assessments of same;
- Obtained a proposal from Slattery on the sale of stock and P&E and assessed the relevant costs;
- Incepted insurance cover over the Company's assets;
- Written to the major banks, share registries and VicRoads to locate pre-appointment funds, shareholdings and motor vehicles;
- Liaised with suppliers with claims to P&E (e.g. phone system, servers etc);
- Liaised with the Director in relation to vehicles registered in the Company's name;
- Extracted documentation relating to debtors from the Company's accounting file including invoices, and credits;
- Liaised with the Director on the collectability of debtors;
- Written to outstanding debtors and liaised with the NAB in relation to the debtor recoveries;
- Liaised with debtors who had queries on outstanding debts;
- Maintained a debtor ledger and held internal meetings to discuss status of debtors;
- Sought evidence from the Director regarding credits applied to pre-appointment debts;
- Liaised with the Director to arrange a stocktake and discuss stock variances;
- Liaised with suppliers with valid PPSR registrations regarding the stocktakes completed and the collection of secured stock;
- Liaised with consignment suppliers regarding their agreements and the collection of consignment stock;
- Liaised with the Director on the transfer of stock and P&E from the Mildura store to the Red Cliffs store;
- Completed a review of the Santino & Siera Property Trust loan; and
- Made various enquiries in respect to the assets of the Company.

## Creditors

- Liaised with various creditors in respect to their claims and the progress of the Administration of the Company;
- Preparation of meeting notices, proxies and advertisements for the first meeting;
- Preparation of a DIRRI and lodging the DIRRI with ASIC;
- Forward notice of meeting to all known creditors;
- Receipting and filing proofs of debt;
- Preparation of meeting file, including certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting;
- Preparation and lodgement of minutes of meetings with ASIC;
- Responding to creditor queries and questions immediately following meeting;
- Prepared reports to the Company's secured creditor, the NAB;
- Liaised with landlords in relation to leases, debts owed, and rent abatements;
- Liaised with creditors with registrations on the PPSR;
- Calculated estimated deficiencies/unsecured claims for PPSR creditors;
- Calculated potential contingent claim held by the landlord of the Mildura store;
- Liaised with the Petitioning Creditor and the Supporting Creditors on the wind up application and the DOCA proposal;
- Liaised with the NAB in regard to its security position in relation to the DOCA proposal; and
- Prepared the report to creditors pursuant to Section 439A of the Act.

### DOCA Proposal

- Liaised with the Director regarding his DOCA proposal;
- Prepared a detailed analysis of the DOCA proposal compared to a liquidation scenario;
- Requested and assessed various documentation from the Director in order to consider the DOCA proposal.

### Trading

- Assessed the Company's financial performance, prepared forecasts and determined viability to continue to trade;
- Liaised with the NAB to obtain funding to recommence trading;
- Established new trading accounts and liaised with suppliers and customers;
- Liaised with employees regarding ongoing trading requirements;
- Attended the Company's Premises to set up trading controls and reporting requirements;
- Liaised with the NAB regarding the reinstatement of EFTPOS facilities;
- Completed supplier, customer and payroll transactions;
- Liaised with insurers regarding ongoing trading and insurance requirements;
- Arranged a risk assessment at the Company's Premises; and
- Completing daily reconciliations of sales and payments from customers.

### Employees

- Notified certain staff of employment being terminated;
- Prepared a notice to staff regarding their entitlements and the FEG scheme;
- Obtained and reviewed employment contracts;
- Calculated outstanding employee entitlements; and
- Responded to employee queries on the Administration and entitlements.

### Investigations

- Obtained the Company's books and records;
- Conducted various statutory searches;
- Submitted a Freedom of Information request to the ATO;
- Liaised with the Company's accountant regarding the structure of the business and historical financial accounts;
- Liaised with the Director and his solicitor on the wind up application;
- Prepared an affidavit on the status of the Voluntary Administration and DOCA proposal for the wind up application;
- Attended the wind up application and provided instructions to the solicitor and barrister;
- Liaised with the Director and the Company's accountant in relation to various transactions;
- Reviewed the Company's transaction listing to determine whether there are any possible voidable transactions;
- Analysed the historical financial position and performance of the Company;
- Analysed various Company expenses;
- Liaised with the Director to discuss the Company's financial statements and history;
- Liaised with the Director in relation to the completion of a ROCAP;
- Determined the reasons for the Company's failure;
- Prepared initial review of voidable transaction and insolvent trading claims;
- Consider effect of investigations and claims on the DOCA analysis;
- Liaised with the Director regarding various transactions which may be deemed voidable and their effect on the DOCA analysis; and
- Requested statements of personal financial position from the Director.

In preparing this remuneration approval report, we have made our best estimate at what we believe the administration will cost to complete and we do not anticipate that we will have to ask creditors to approve any further remuneration. 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.

Matters that may affect the progress and the cost of the administration, include:

- The volume of work to collect the debtors;
- Legal recoveries (if creditors vote for Liquidation);
- Sale of stock & plant and equipment (if creditors vote for Liquidation);
- Dealing with and the adjudication of creditors' claims; and
- Any unexpected matters.

## 2. Declaration

We have undertaken a proper assessment of this remuneration and disbursement claim for our appointment as Administrators of the Company in accordance with the law and applicable professional standards.

We are satisfied that the remuneration and disbursements claimed are necessary and proper.

We have reviewed the work in progress report for the Voluntary Administration to ensure that remuneration is only being claimed for necessary and proper work performed.

## 3. Remuneration sought

The remuneration we are asking creditors to approve is in respect to the following three appointments (as applicable):

- In the Voluntary Administration of the Company (Claims 1 and 2 below);
- In the Deed Administration of the Company (as applicable) (i.e. only if creditors vote in favour of the Company executing a DOCA) (Claims 3 and 4 below); and
- In the Liquidation of the Company (as applicable) (Claim 5 below).

As has been discussed in our s439A report, we have received a DOCA in respect to the Company, ultimately it is a decision for creditors whether they vote in favour of adopting the DOCA.

Our remuneration claims are summarised as follows:

### Claim 1 - Retrospective (past) fees for work we have already done in the Voluntary Administration.

Period	Amount (excl GST)	Rates to apply	To be drawn
21 February 2024 to 15 March 2024	\$131,813	Rodgers Reidy Guide to Hourly Rates as at 1 November 2023 as provided in my Initial Remuneration Notice Dated 23 February 2024.	Immediately, when funds are available.

**Claim 2 - Future fees for work yet to be completed in the Voluntary Administration.**

Period	Amount (excl GST)	Rates to apply	To be drawn
16 March 2024 to 28 March 2024	\$48,187	Rodgers Reidy Guide to Hourly Rates as at 1 November 2023 as provided in my Initial Remuneration Notice Dated 23 February 2024.	Immediately, when funds are available.

**Creditors should note that the remuneration claimed in Claims 1 & 2 are to be capped at \$180,000.00.**

**Claim 3 - Future fees for work yet to be completed in the Voluntary Administration (only applicable if creditors vote to accept the DOCA).**

Period	Amount (excl GST)	Rates to apply	To be drawn
28 March 2024 to the execution of the DOCA	\$26,120	Rodgers Reidy Guide to Hourly Rates as at 1 November 2023 as provided in my Initial Remuneration Notice Dated 23 February 2024.	Immediately, when funds are available.

**Claim 4 - Future fees for work yet to be completed in the Deed Administration (only applicable if creditors vote to accept the DOCA).**

Period	Amount (excl GST)	Rates to apply	To be drawn
From the execution of the DOCA to the effectuation of the DOCA	\$90,000	Rodgers Reidy Guide to Hourly Rates as at 1 November 2023 as provided in my Initial Remuneration Notice Dated 23 February 2024.	Immediately, when funds are available.

**Claim 5 - Future fees for work yet to be completed in the Liquidation (only applicable if creditors vote for liquidation).**

Period	Amount (excl GST)	Rates to apply	To be drawn
28 March 2024 to Completion	\$475,000	Rodgers Reidy Guide to Hourly Rates as at 1 November 2023 as provided in my Initial Remuneration Notice Dated 23 February 2024.	Immediately, when funds are available.

Details of the work already done and future work that we intend to do are included at Schedules A to J.

Schedule B includes a breakdown of time spent by staff members on each major task for work we have already done.

Actual resolutions to be put to the meeting are included at Schedule K for your information. These resolutions also appear in the proxy form for the meeting provided to you.

#### 4. Disbursements sought

We are not required to seek creditor approval for costs paid to third parties or where we are recovering a cost incurred on behalf of the administration, but we must provide details to creditors. Details of these amounts are included the report dated 20 March 2024.

We are required to obtain creditor's consent for the payment of a disbursement where we, or a related entity of ourselves, may directly or indirectly obtain a profit.

For more information about disbursements, please refer to the Initial Remuneration Notice sent to you on 23 February 2024.

The disbursements we are asking creditors to approve is in respect to the following three appointments (as applicable):

- In the Voluntary Administration of the Company (Claims 1 and 2 below);
- In the Deed Administration of the Company (as applicable) (i.e. only if creditors vote in favour of the Company executing a DOCA) (Claims 3 and 4 below); and
- In the Liquidation of the Company (as applicable) (Claim 5 below) (i.e. only if creditors resolve that the Company should proceed into Liquidation).

Claim	For	Period	Amount
1	Disbursements we have already incurred in the Voluntary Administration	21 February 2024 to 29 February 2024	\$70
2	Future disbursements in the Voluntary Administration to a capped amount	1 March 2024 to 28 March 2024	\$200
3	Future disbursements in the Voluntary Administration (if applicable) to a capped amount	28 March 2024 to the execution of the DOCA	\$200
4	Future disbursements in the Deed Administration (if applicable) to a capped amount	From the execution of the DOCA to the effectuation of the DOCA	\$200
5	Future disbursements in the Liquidation (if applicable) to a capped amount	28 March 2024 to Completion	\$500

Details of the disbursements incurred, and future disbursements are included at Schedule L. Actual resolutions to be put to the meeting are also included at Schedule L. These resolutions also appear in the proxy form for the meeting provided to you.

## 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 Joint & Several Administrators to be paid in priority to other claims. This ensures that when there are sufficient funds, the Joint & Several Administrators receive(s) payment for the work done to recover assets, investigate the Company's affairs, report to creditors and the ASIC and distribute any available funds.

We have received a DOCA proposal from the Director, Mr Anthony Callipari.

Comparison of DOCA to Liquidation	Liquidation			DOCA		
	Best (\$)	Likely (\$)	Worst (\$)	Best (\$)	Likely (\$)	Worst (\$)
DOCA Contribution	-	-	-	825,000	825,000	825,000
<b>Assets</b>						
Cash at Bank	-	-	-	-	-	-
Trade Debtors	828,319	753,018	677,716	940,942	928,518	916,094
Stock	310,261	277,534	244,806	-	-	-
Plant and Equipment	113,436	101,356	89,277	-	-	-
Related Party Loans	811,268	776,559	741,850	-	-	-
<b>Total Assets</b>	<b>2,063,284</b>	<b>1,908,467</b>	<b>1,753,649</b>	<b>940,942</b>	<b>928,518</b>	<b>916,094</b>
<b>Plus Liquidators Recoveries</b>						
Unfair Preference Claim Action	781,875	625,500	469,125	-	-	-
Unreasonable Director Related Transaction Claim Action	-	-	-	-	-	-
Insolvent Trading Action	218,500	163,875	109,250	-	-	-
<b>Total Liquidators Recoveries</b>	<b>1,000,375</b>	<b>789,375</b>	<b>578,375</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Funds</b>	<b>3,063,659</b>	<b>2,697,842</b>	<b>2,332,024</b>	<b>1,765,942</b>	<b>1,753,518</b>	<b>1,741,094</b>
<b>Less Costs</b>						
Administrators' Remuneration & Costs	192,270	192,270	192,270	218,590	218,590	218,590
Deed Administrators' Remuneration & Costs	-	-	-	90,200	90,200	90,200
Liquidators' Remuneration & Costs	594,250	475,500	356,750	-	-	-
Deed Administrators' Legal Costs	-	-	-	10,000	10,000	10,000
Liquidators' Legal Costs	682,500	552,500	422,500	-	-	-
<b>Total Costs</b>	<b>1,469,020</b>	<b>1,220,270</b>	<b>971,520</b>	<b>318,790</b>	<b>318,790</b>	<b>318,790</b>
<b>Funds Available for Distribution</b>	<b>1,594,639</b>	<b>1,477,572</b>	<b>1,360,504</b>	<b>1,447,152</b>	<b>1,434,728</b>	<b>1,422,304</b>
<b>Estimated Available to Secured Creditors</b>	<b>1,594,639</b>	<b>1,477,572</b>	<b>1,360,504</b>	<b>1,447,152</b>	<b>1,434,728</b>	<b>1,422,304</b>
National Australia Bank Limited	393,756	393,756	393,756	393,756	393,756	393,756
<b>Estimated Distribution to Priority Creditors (cents in \$)</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Estimated Available to Priority (employee) Creditors</b>	<b>1,200,884</b>	<b>1,083,816</b>	<b>966,748</b>	<b>1,053,396</b>	<b>1,040,972</b>	<b>1,028,548</b>
Employees (Wages & Superannuation)	23,529	23,529	23,529	21,674	21,674	21,674
Employees (Annual Leave & Long Service Leave)	63,386	63,386	63,386	32,154	32,154	32,154
Employees (Payment in Lieu of Notice)	32,794	32,794	32,794	15,931	15,931	15,931
<b>Estimated Distribution to Priority Creditors (cents in \$)</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Balance available to USC</b>	<b>1,081,175</b>	<b>964,107</b>	<b>847,039</b>	<b>983,637</b>	<b>971,213</b>	<b>958,790</b>
Unsecured (non-related party) Creditors @ appointment	3,235,212	3,235,212	3,235,212	3,235,212	3,235,212	3,235,212
Claims for recovery of Voidable Transactions	781,875	625,500	469,125	-	-	-
Contingent Creditors	77,099	105,981	105,981	77,099	105,981	105,981
<b>Total Proving Unsecured Creditors</b>	<b>4,094,187</b>	<b>3,966,693</b>	<b>3,810,318</b>	<b>3,312,312</b>	<b>3,341,193</b>	<b>3,341,193</b>
<b>Estimated Distribution to USC (cents in \$)</b>	<b>26.41</b>	<b>24.31</b>	<b>22.23</b>	<b>29.70</b>	<b>29.07</b>	<b>28.70</b>

## 6. Funding received for remuneration and disbursements

As set out in our Declaration of Independence, Relevant Relationships and Indemnities issued to creditors on the 23 February 2024, we received an upfront payment of \$10,000 and an indemnity of \$20,000 from the Director to cover our initial remuneration and expenses associated with the Administration of the Company.

## 7. Report on Progress of the Administration

Creditors should refer to our report dated 20 March 2024 for an update on the status of the administration.

## 8. Summary of Receipts and Payments

Creditors should refer to our report dated 20 March 2024 for an update on the receipts & payments for the Voluntary Administration as at 13 March 2024.

## 9. Queries

Creditors should feel free to contact our office to seek further information concerning the remuneration claims if they so need.

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

- ARITA at [www.arita.com.au/creditors](http://www.arita.com.au/creditors); and
- ASIC at [www.asic.gov.au](http://www.asic.gov.au) (search for “insolvency information sheets”).

Further supporting documentation for my remuneration claim can be provided to creditors on request.

## 10. Information meeting of creditors

Creditors will be asked to approve the aforementioned resolutions at the meeting of creditors.

A meeting of creditors will be held to provide an update to creditors and to consider resolutions in respect to our remuneration and internal disbursements (not at cost). The details of this meeting are as follows:

**Date:** 28 March 2024  
**Time:** 11:00AM (AEDT)  
**Address:** Level 11, 385 Bourke Street, Melbourne, VIC 3000

**To avoid any delays to the meeting, all creditors who will be attending the meeting virtually are requested to log in via the provided link at 10:45am on the morning of the meeting.**

A notice of meeting is enclosed. To participate in this meeting, you may need to:

- Submit a **proof of debt** and information to substantiate your claim.
- 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 our office by post, fax or email by **5:00pm on 26 March 2024**.

If you have any questions about the meeting or any other information that we have sent you, please contact Mr Vincent Kartika on (03) 9670 8700 or [vkartika@rodgersreidy.com.au](mailto:vkartika@rodgersreidy.com.au).

Yours faithfully,



.....  
**B. L. MORGAN**  
**JOINT & SEVERAL ADMINISTRATOR**



.....  
**S. CREMIN**  
**JOINT & SEVERAL ADMINISTRATOR**

**Attachments:**

- Schedule A** - Details of work (work already done) in the VA.
- Schedule B** - Time spent by staff on each major task (work already done) in the VA.
- Schedule C** - Details of work to be conducted (future work) in the VA.
- Schedule D** - Time spent by staff on each major task (future work) in the VA.
- Schedule E** - Details of work to be conducted (future work) in the VA (if applicable)
- Schedule F** - Time spent by staff on each major task (future work) in the VA (if applicable)
- Schedule G** - Details of work to be conducted (future work) in the DOCA (if applicable)
- Schedule H** - Time spent by staff on each major task (future work) in the DOCA (if applicable)
- Schedule I** - Details of work (future work) in the Liquidation
- Schedule J** - Time spent by staff on each major task (future work) in the Liquidation
- Schedule K** - Resolutions
- Schedule L** - Disbursements



### Schedule A – Details of work (work already done) in the Voluntary Administration

The table below provides a description of the work undertaken in each major task category for the period 21 February 2024 to 15 March 2024.

Work already done in the Voluntary Administration		
Period 21 February 2024 to 15 March 2024		
Amount (ex. GST)	\$167,274	
Write off (ex. GST)	(\$35,461)	
<b>Amount Claimed (ex. GST) \$131,813</b>		
Task Area	General Description	Task
Assets 117.00 Hours \$50,179	Plant and Equipment	<p>Liaising with valuers, auctioneers and interested parties</p> <p>Attended the Company's Premises to secure and assess its operations and assets</p> <p>Obtain valuation of the Company's P&amp;E.</p> <p>Reviewing asset listings</p> <p>Incepted insurance cover over the Company's assets</p> <p>Liaised with suppliers with claims to P&amp;E (e.g. phone system, servers etc)</p> <p>Liaised with the Director in relation to vehicles registered in the Company's name</p>
	Assets subject to specific charges	<p>Liaised with suppliers with valid PPSR registrations regarding the stocktakes completed and the collection of secured stock</p> <p>Liaised with consignment suppliers regarding their agreements and the collection of consignment stock</p>
	Debtors	<p>Correspondence with debtors</p> <p>Reviewing and assessing debtors' ledgers</p> <p>Extracted documentation relating to debtors from the Company's accounting file including invoices, and credits</p> <p>Liaised with the Director on the collectability of debtors</p> <p>Written to outstanding debtors and liaised with the NAB in relation to the debtor recoveries</p> <p>Liaised with debtors who had queries on outstanding debts</p> <p>Maintained a debtor ledger and held internal meetings to discuss status of debtors</p> <p>Sought evidence from the Director regarding credits applied to pre-appointment debts</p>
	Stock	<p>Conducting stock takes</p> <p>Reviewing stock values</p> <p>Obtain valuation of the Company's stock</p>

		<p>Liaised with the Director to arrange a stocktake and discuss stock variances</p> <p>Liaised with the Director on the transfer of stock and P&amp;E from the Mildura store to the Red Cliffs store</p>
	Other Assets	Completed a review of the Santino & Siera Property Trust loan
	Leasing	<p>Reviewing leasing documents</p> <p>Liaising with owners/lessors</p>
<p>Creditors 130.3 Hours \$58,225</p>	Creditor Enquiries, Requests & Directions	<p>Receive and respond to creditor enquiries</p> <p>Maintaining creditor request log</p> <p>Review and prepare initial correspondence to creditors and their representatives</p> <p>Documenting</p> <p>Considering reasonableness of creditor requests</p> <p>Documenting reasons for complying or not complying with requests or directions</p> <p>Compiling information requested by creditors</p>
	Retention of Title Claims	<p>Search to the PPSR register</p> <p>Notify PMSI creditors identified from PPSR register</p> <p>Receive initial notification of creditor's intention to claim</p> <p>Provision of retention of title claim form to creditor</p> <p>Receive completed retention of title claim form</p> <p>Maintain retention of title file</p> <p>Meeting claimant on site to identify goods</p> <p>Adjudicate retention of title claim</p> <p>Forward correspondence to claimant notifying outcome of adjudication</p>
	Secured creditor reporting	<p>Notifying PPSR registered creditors of appointment</p> <p>Prepared reports to the Company's secured creditor, the NAB</p> <p>Responding to secured creditor's queries</p>
	Creditor reports	<p>Preparing Initial creditors report and Voluntary Administrator's report</p>
	Dealing with proofs of debt	<p>Receipting and filing POD when not related to a dividend</p>
	Meeting of Creditors	<p>Preparation of meeting notices, proxies and advertisements</p> <p>Forward notice of meeting to all known creditors</p> <p>Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting.</p> <p>Preparation and lodgement of minutes of meetings with ASIC</p>

		Responding to stakeholder queries and questions immediately following meeting
	DOCA Proposal	<p>Liased with the Petitioning Creditor and the Supporting Creditors on the wind up application and the DOCA proposal</p> <p>Liased with the Director regarding his DOCA proposal</p> <p>Prepared a detailed analysis of the DOCA proposal compared to a liquidation scenario</p> <p>Requested and assessed various documentation from the Director in order to consider the DOCA proposal</p> <p>Liased with the NAB in regard to its security position in relation to the DOCA proposal</p>
Employees 13.90 Hours \$6,010	Employees enquiries	<p>Receive and follow up employee enquiries via telephone</p> <p>Maintain employee enquiry register</p> <p>Review and prepare correspondence to creditors and their representatives via facsimile, email and post</p> <p>Preparation of letters to employees advising of their entitlements and options available</p> <p>Receive and prepare correspondence in response to employee's objections to leave entitlements</p>
	Calculation of entitlements	<p>Calculating employee entitlements</p> <p>Reviewing employee files and Company's books and records</p> <p>Reconciling superannuation accounts</p> <p>Reviewing awards</p>

Trade On 56.60 Hours \$26,787	Trade on management	<p>Liaised with the NAB to obtain funding to recommence trading</p> <p>Liaised with the NAB regarding the reinstatement of EFTPOS facilities</p> <p>Liaising with suppliers</p> <p>Liaising with management and staff</p> <p>Attendance on site</p> <p>Attended the Company's Premises to set up trading controls and reporting requirements</p> <p>Liaising with superannuation funds regarding contributions, termination of employees' employment</p> <p>Liaised with insurers regarding ongoing trading and insurance requirements</p> <p>Arranged a risk assessment at the Company's Premises</p> <p>Completing daily reconciliations of sales and payments from customers</p> <p>Liaising with OSR regarding payroll tax issues</p>
	Processing receipts and payments	Entering receipts and payments into accounting system
	Budgeting and financial reporting	<p>Assessed the Company's financial performance, prepared forecasts and determined viability to continue to trade</p> <p>Reviewing Company's budgets and financial statements</p> <p>Preparing budgets</p> <p>Preparing weekly financial reports</p> <p>Finalising trading profit or loss</p> <p>Meetings to discuss trading position</p>
Investigation 36.70 Hours \$18,296	Conducting investigation	<p>Collection of Company books and records</p> <p>Reviewing Company's books and records</p> <p>Review and preparation of Company nature and history</p> <p>Conducting and summarising statutory searches</p> <p>Preparation of comparative financial statements</p> <p>Preparation of deficiency statement</p> <p>Review of specific transactions and liaising with directors regarding certain transactions</p> <p>Liaising with directors regarding certain transactions</p>
Administration 16.52 Hours \$7,779	Document maintenance/file review/checklist	<p>Filing of documents</p> <p>File reviews</p> <p>Updating checklists</p>
	Insurance	<p>Identification of potential issues requiring attention of insurance specialists</p> <p>Correspondence with insurer regarding initial and ongoing insurance requirements</p> <p>Reviewing insurance policies</p>

	Bank account administration	Preparing correspondence opening accounts Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers
	ASIC Forms and lodgements	Preparing and lodging ASIC forms including 505, 5011 etc Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	Notification of appointment Preparing BAS
	Planning / Review	Discussions regarding status of administration

### Schedule B - Time spent by staff on each major task (work already done)

The below table sets out time charged to each major task category by staff members working on the administration for the period 21 February 2024 to 15 March 2024 which is the basis of the Resolution 1 claim. More detailed descriptions of the tasks performed within each task category, matching the amounts below, are contained in Schedule 1.

Employee Name	Employee Position	\$ / Hr (ex Tax)	Total Actual Hrs (\$)	Assets Hrs (\$)	Creditors Hrs (\$)	Employees Hrs (\$)	Trade On Hrs (\$)	Investig. Hrs (\$)	Dividend Hrs (\$)	Admin Hrs (\$)	Other Hrs (\$)
Cremin Shane	Appointee/Director	695.00	2.70 1,877	0.00 0	0.80 556	0.00 0	0.00 0	1.90 1,321	0.00 0	0.00 0	0.00 0
Holton David	Appointee/Director	695.00	33.90 23,561	5.70 3,962	17.50 12,163	1.40 973	4.80 3,336	4.00 2,780	0.00 0	0.50 348	0.00 0
McLean Neil	Appointee/Director	695.00	0.10 70	0.00 0	0.00 0	0.00 0	0.00 0	0.00 0	0.00 0	0.10 70	0.00 0
Morgan Brent	Appointee/Director	695.00	2.00 1,390	0.00 0	0.60 417	0.00 0	0.20 139	0.00 0	0.00 0	1.20 834	0.00 0
Saliba Charles	Appointee/Director	695.00	1.30 904	0.00 0	0.00 0	0.00 0	0.00 0	0.00 0	0.00 0	1.30 904	0.00 0
Saliba Charles	Appointee/Director	694.67	0.72 498	0.00 0	0.00 0	0.00 0	0.00 0	0.00 0	0.00 0	0.72 498	0.00 0
Mendez Alex	Associate Director	650.00	71.40 46,410	22.60 14,690	20.40 13,260	3.30 2,145	12.80 8,320	11.40 7,410	0.00 0	0.90 585	0.00 0
Chi Henry	Supervisor 1	450.00	97.50 43,875	32.30 14,535	27.00 12,150	1.90 855	23.80 10,710	5.80 2,610	0.00 0	6.70 3,015	0.00 0
Carroll Jessica	Snr Client Admin & Treasury	400.00	19.00 7,600	4.00 1,600	11.70 4,680	0.00 0	0.00 0	2.40 960	0.00 0	0.90 360	0.00 0
Kartika Vincent	Senior Accountant 3	310.00	32.50 10,075	8.80 2,728	16.80 5,208	0.00 0	1.90 589	5.00 1,550	0.00 0	0.00 0	0.00 0
Nanayakkara Chamudhi	Senior Accountant 3	310.00	0.30 93	0.30 93	0.00 0	0.00 0	0.00 0	0.00 0	0.00 0	0.00 0	0.00 0
Seng Lytech	Senior Accountant 3	310.00	34.90 10,819	22.50 6,975	5.90 1,829	1.70 527	4.00 1,240	0.00 0	0.00 0	0.80 248	0.00 0
Hayman Dylan	Intermediate 1	270.00	5.10 1,377	4.90 1,323	0.00 0	0.00 0	0.20 54	0.00 0	0.00 0	0.00 0	0.00 0
Heywood Kieran	Intermediate 1	270.00	4.50 1,215	1.60 432	0.00 0	0.00 0	2.90 783	0.00 0	0.00 0	0.00 0	0.00 0
Kartika Vincent	Senior Accountant 3	270.00	25.30 6,831	0.10 27	18.90 5,103	0.00 0	1.60 432	3.10 837	0.00 0	1.60 432	0.00 0
Moore William	Intermediate 1	270.00	0.60 162	0.00 0	0.00 0	0.00 0	0.00 0	0.00 0	0.00 0	0.60 162	0.00 0
Seng Lytech	Intermediate 1	270.00	32.70 8,829	12.20 3,294	7.70 2,079	5.40 1,458	4.00 1,080	2.20 594	0.00 0	1.20 324	0.00 0
Sok Lida	Administrative Officer 1	260.00	6.50 1,690	2.00 520	3.00 780	0.20 52	0.40 104	0.90 234	0.00 0	0.00 0	0.00 0
<b>TOTAL</b>			371.02 167,274	117.00 50,179	130.30 58,225	13.90 6,010	56.60 26,787	36.70 18,296	0.00 0	16.52 7,779	0.00 0
<b>TAX</b>			16,727								
<b>TOTAL INCLUDING TAX</b>			184,001								
<b>Average hourly rate</b>			450.85	428.88	446.85	432.37	473.27	498.51	0.00	470.94	0.00

Note: We will write off \$35,461 of our remuneration for the period 21 February 2024 to 15 March 2024, in order to reach our capped fees of \$180,000 for prior of the Administration up to the meeting of creditors on 28 March 2024.

### Schedule C – Details of work (future work) in the Voluntary Administration

The table below provides a description of the work anticipated to be undertaken in each major task category for the period 16 March 2024 to 28 March 2024.

Future work in the Voluntary Administration		
Period 16 March 2024 to 28 March 2024		
Amount (ex. GST) \$48,187		
Task Area	General Description	Task
Assets 23.50 Hours \$7,138	Plant and equipment	Liaise with suppliers with claims to P&E (e.g. phone system, servers etc) Liaised with the Director in relation to vehicles registered in the Company's name
	Assets subject to specific charges	Liaise with suppliers with valid PPSR registrations regarding the stocktakes completed and the collection of secured stock Liaise with consignment suppliers regarding their agreements and the collection of consignment stock
	Debtors	Correspondence with debtors Reviewing and assessing debtors' ledgers Extracted documentation relating to debtors from the Company's accounting file including invoices, and credits Maintained a debtor ledger and held internal meetings to discuss status of debtors Sought evidence from the Director regarding credits applied to pre-appointment debts
	Stock	Liaised with the Director on the transfer of stock and P&E from the Mildura store to the Red Cliffs store
Creditors 27.00 Hours \$12,955	Creditor Enquiries, Requests & Directions	Receive and respond to creditor enquiries Maintaining creditor request log Review and prepare initial correspondence to creditors and their representatives Documenting Considering reasonableness of creditor requests Documenting reasons for complying or not complying with requests or directions Compiling information requested by creditors

	Retention of Title Claims	<p>Receive initial notification of remaining creditor's intention to claim</p> <p>Provision of retention of title claim form to creditor</p> <p>Receive completed retention of title claim form</p> <p>Maintain retention of title file</p> <p>Adjudicate retention of title claim</p> <p>Forward correspondence to claimant notifying outcome of adjudication</p> <p>Preparation of payment vouchers to satisfy valid claim</p> <p>Preparation of correspondence to claimant to accompany payment of claim (if valid)</p>
	Secured creditor reporting	<p>Prepared reports to the Company's secured creditor, the NAB</p> <p>Responding to secured creditor's queries</p>
	Creditor reports	Preparing Voluntary Administrator's report
	Dealing with proofs of debt	Receipting and filing POD when not related to a dividend
	Meeting of Creditors	<p>Preparation of meeting notices, proxies and advertisements</p> <p>Forward notice of meeting to all known creditors</p> <p>Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting.</p> <p>Preparation and lodgement of minutes of meetings with ASIC</p> <p>Responding to stakeholder queries and questions immediately following meeting</p>
Employees 7.70 Hours \$3,217	Employees enquiries	<p>Receive and follow up employee enquiries via telephone</p> <p>Maintain employee enquiry register</p> <p>Review and prepare correspondence to creditors and their representatives via facsimile, email and post</p>
	Calculation of entitlements	<p>Calculating employee entitlements</p> <p>Reconciling superannuation accounts</p>



Trade On 24.50 Hours \$10,338	Trade on management	<p>Liaising with suppliers</p> <p>Liaising with management and staff</p> <p>Liaised with insurers regarding ongoing trading and insurance requirements</p> <p>Liaising with insurers regarding ongoing trading and insurance requirements</p> <p>Completing daily reconciliations of sales and payments from customers</p> <p>Liaising with OSR regarding payroll tax issues</p>
	Processing receipts and payments	Entering receipts and payments into accounting system
	Budgeting and financial reporting	<p>Reviewing Company's budgets and financial statements</p> <p>Preparing budgets</p> <p>Preparing weekly financial reports</p> <p>Finalising trading profit or loss</p> <p>Meetings to discuss trading position</p>
Investigation 22.50 Hours \$9,878	Conducting investigation	<p>Reviewing Company's books and records</p> <p>Review and preparation of Company nature and history</p> <p>Conducting and summarising statutory searches</p> <p>Preparation of comparative financial statements</p> <p>Preparation of deficiency statement</p> <p>Review of specific transactions and liaising with directors regarding certain transactions</p> <p>Liaising with directors regarding certain transactions</p>
Administration 10.50 Hours \$4,663	Document maintenance/file review/checklist	<p>First month, then six monthly administration reviews</p> <p>Filing of documents</p> <p>File reviews</p> <p>Updating checklists</p>
	Bank account administration	<p>Requesting bank statements</p> <p>Bank account reconciliations</p> <p>Correspondence with bank regarding specific transfers</p>
	ASIC Forms and lodgements	<p>Preparing and lodging ASIC forms including 505, 5602/5603, 911 etc</p> <p>Correspondence with ASIC regarding statutory forms</p>
	ATO and other statutory reporting	<p>Preparing BAS</p> <p>Completing STP reporting obligations</p>
	Planning / Review	Discussions regarding status of administration

### Schedule D - Time spent by staff on each major task (future work)

The below table sets out the expected costs for the major tasks likely to be performed by staff members working on the administration for the period 16 March 2024 to 28 March 2024 which is the basis of the Resolution 2 claim. More detailed descriptions of the tasks likely to be performed within each task category, matching the amounts below, are contained in Schedule C.

Employee Name	Employee Position	Total		Assets Hrs (\$)	Creditors Hrs (\$)	Employees Hrs (\$)	Trade On Hrs (\$)	Investig. Hrs (\$)	Admin Hrs (\$)
		\$ / Hr (ex Tax)	Actual Hrs (\$)						
Morgan Brent	Appointee	695.00	3.70 2,572	0.00 0	2.00 1,390	0.20 139	0.50 348	0.50 348	0.50 348
Holton David	Director	695.00	9.00 6,255	0.50 348	3.00 2,085	0.50 348	2.00 1,390	2.00 1,390	1.00 695
Mendez Alex	Associate Director	650.00	20.00 13,000	1.00 650	6.00 3,900	1.00 650	4.00 2,600	6.00 3,900	2.00 1,300
Chi Henry	Supervisor 1	420.00	19.00 7,980	2.00 840	6.00 2,520	2.00 840	6.00 2,520	2.00 840	1.00 420
Kartika Vincent	Senior Accountant 3	310.00	10.00 3,100	0.00 0	6.00 1,860	0.00 0	0.00 0	4.00 1,240	0.00 0
Seng Lytech	Senior Accountant 3	310.00	11.00 3,410	0.00 0	0.00 0	4.00 1,240	6.00 1,860	0.00 0	1.00 310
Keiren Heywood	Intermediate 1	270.00	27.00 7,290	10.00 2,700	2.00 540	0.00 0	6.00 1,620	8.00 2,160	1.00 270
Carroll Jessica	Snr Client Admin & Treasury	400.00	3.00 1,200	0.00 0	1.00 400	0.00 0	0.00 0	0.00 0	2.00 800
Sok Lida	Administrative Officer 1	260.00	13.00 3,380	10.00 2,600	1.00 260	0.00 0	0.00 0	0.00 0	2.00 520
			115.70	23.50	27.00	7.70	24.50	22.50	10.50
<b>TOTAL</b>			48,187	7,138	12,955	3,217	10,338	9,878	4,663
<b>TAX</b>			4,819						
<b>TOTAL INCLUDING TAX</b>			53,005						
<b>Average hourly rate</b>			416.48	303.72	479.81	417.73	421.94	439.00	444.05

### Schedule E – Details of work (future work) in the Voluntary Administration (only if creditors vote in favour of the Company execution the DOCA)

The table below provides a description of the work anticipated to be undertaken in each major task category for the period 28 March 2024 to the execution of the DOCA.

Future work in the Voluntary Administration		
Period 28 March 2024 to the execution of the DOCA		
Amount (ex. GST) \$26,120		
Task Area	General Description	Task
Assets 23.50 Hours \$7,198	Debtors	Correspondence with debtors Reviewing and assessing debtors' ledgers Extracted documentation relating to debtors from the Company's accounting file including invoices Maintain a debtor ledger and hold internal meetings to discuss status of debtors Follow up on evidence from the Director regarding credits applied to pre-appointment debts
Creditors 15.00 Hours \$6,290	Creditor Enquiries, Requests & Directions	Receive and respond to creditor enquiries Maintaining creditor request log Review and prepare initial correspondence to creditors and their representatives Documenting Considering reasonableness of creditor requests Documenting reasons for complying or not complying with requests or directions Compiling information requested by creditors
	Dealing with proofs of debt	Receipting and filing POD when not related to a dividend
	Meeting of Creditors	Preparation and lodgement of minutes of meetings with ASIC
	Deed of Company Arrangement	Attend to drafting and completion of DOCA Liaise with solicitor in respect to completion of DOCA Liaise with director in respect to preparation of DOCA Organise for execution of DOCA

Trade On 22.00 Hours \$8,195	Trade on management	<p>Liaising with suppliers</p> <p>Liaising with management and staff</p> <p>Preparing and authorising receipt vouchers</p> <p>Preparing and authorising payment vouchers</p> <p>Liaising with superannuation funds regarding contributions, termination of employees' employment</p> <p>Liaising with OSR regarding payroll tax issues</p>
	Processing receipts and payments	Entering receipts and payments into accounting system
	Budgeting and financial reporting	<p>Reviewing Company's budgets and financial statements</p> <p>Preparing budgets</p> <p>Preparing weekly financial reports</p> <p>Finalising trading profit or loss</p> <p>Meetings to discuss trading position</p>
Administration 12.50 Hours \$4,438	Document maintenance/file review/checklist	<p>Filing of documents</p> <p>File reviews</p> <p>Updating checklists</p>
	Insurance	<p>Correspondence with insurer regarding ongoing insurance requirements</p> <p>Reviewing insurance policies</p>
	Bank account administration	<p>Preparing correspondence opening and closing accounts</p> <p>Requesting bank statements</p> <p>Bank account reconciliations</p> <p>Correspondence with bank regarding specific transfers</p>
	ASIC Forms and lodgements	<p>Preparing and lodging ASIC forms including 505, 5602/5603, 911 etc</p> <p>Correspondence with ASIC regarding statutory forms</p>
	Planning / Review	Discussions regarding status of administration

### Schedule F - Time spent by staff on each major task (future work)

The below table sets out the expected costs for the major tasks likely to be performed by staff members working on the administration for the period 28 March 2024 to the execution of the DOCA which is the basis of the Resolution 5 claim. More detailed descriptions of the tasks likely to be performed within each task category, matching the amounts below, are contained in Schedule E.

Employee Name	Employee Position	Total		Assets	Creditors	Trade On	Admin
		\$ / Hr (ex Tax)	Actual Hrs (\$)	Hrs (\$)	Hrs (\$)	Hrs (\$)	Hrs (\$)
Morgan Brent	Appointee	695.00	556	0.00	0.80	0.00	0.00
Cremin Shane	Appointee	695.00	139	0.00	0.20	0.00	0.00
Holton David	Director	695.00	2,085	0.50	1.00	1.00	0.50
Mendez Alex	Associate Director	650.00	3,900	1.00	2.00	2.00	1.00
Chi Henry	Supervisor 1	450.00	4,050	2.00	2.00	4.00	1.00
Kartika Vincent	Senior Accountant 2	310.00	1,550	0.00	4.00	0.00	1.00
Seng Lytech	Senior Accountant 2	310.00	2,170	0.00	0.00	6.00	1.00
Keiren Heywood	Intermediate 1	270.00	5,130	10.00	2.00	6.00	1.00
Carroll Jessica	Snr Client Admin & Treasury	400.00	1,600	0.00	1.00	1.00	2.00
Sok Lida	Administrative Officer 1	260.00	4,940	10.00	2.00	2.00	5.00
<b>TOTAL</b>			73.00	23.50	15.00	22.00	12.50
<b>TAX</b>			26,120	7,198	6,290	8,195	4,438
<b>TOTAL INCLUDING TAX</b>			2,612				
<b>Average hourly rate</b>			28,732	306.28	419.33	372.50	355.00
			357.81				

**Schedule G – Details of work (future work) in the Deed Administration (only if creditors vote in favour of the Company execution the DOCA)**

The table below provides a description of the work anticipated to be undertaken in each major task category for the period from the execution of the DOCA to the effectuation of the DOCA.

<b>Future work in the Deed Administration</b>		
<b>Period from the execution of the DOCA to the effectuation of the DOCA</b>		
<b>Amount (ex. GST) \$90,238 (rounded to \$90,000 for the Resolution)</b>		
<b>Task Area</b>	<b>General Description</b>	<b>Task</b>
Assets 88.5 Hours \$34,988	Debtors	Correspondence with debtors Reviewing and assessing debtors' ledgers Liaise with the Director on the collectability of debtors Maintain a debtor ledger and hold internal meetings to discuss status of debtors Sought evidence from the Director regarding credits applied to pre-appointment debts. Write off uncollectable amounts Receipt debtor payments
Creditors 21.00 Hours \$10,070	Creditor Enquiries, Requests & Directions	Receive and respond to creditor enquiries Maintaining creditor request log Considering reasonableness of creditor requests Documenting reasons for complying or not complying with requests or directions Compiling information requested by creditors
	Dealing with proofs of debt	Receipting and filing POD when not related to a dividend
	Deed of Company Arrangement	Monitor completion of the DOCA Ensure terms of DOCA complied with Investigate any further claims arise under DOCA
Employees 28 Hours \$10,045	Employees enquiries	Receive and follow up employee enquiries via telephone Maintain employee enquiry register Review and prepare correspondence to creditors and their representatives via facsimile, email and post Preparation of letters to employees advising of their entitlements
	Employee dividend	Correspondence with employees regarding dividend

		<p>Correspondence with ATO regarding SGC proof of debt</p> <p>Calculating dividend rate</p> <p>Preparing dividend file</p> <p>Advertising dividend notice</p> <p>Preparing distribution</p> <p>Receipting POD</p> <p>Adjudicating POD</p> <p>Ensuring PAYG is remitted to ATO</p>
<p>Dividend</p> <p>66.00 Hours</p> <p>\$24,975</p>	<p>Processing proofs of debt (POD)</p>	<p>Preparation of correspondence to potential creditors inviting lodgement of POD</p> <p>Receipt of POD</p> <p>Maintain POD register</p> <p>Adjudicating POD</p> <p>Request further information from claimants regarding POD</p> <p>Preparation of correspondence to claimant advising outcome of adjudication</p>
	<p>Dividend procedures</p>	<p>Preparation of correspondence to creditors advising of intention to declare dividend</p> <p>Advertisement of intention to declare dividend</p> <p>Obtain clearance from ATO to allow distribution of Company's assets</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 distribution</p> <p>Preparation of dividend file</p> <p>Preparation of payment vouchers to pay dividend</p> <p>Preparation of correspondence to creditors enclosing payment of dividend</p>
<p>Administration</p> <p>24.00 Hours</p> <p>\$10,160</p>	<p>Document maintenance/file review/checklist</p>	<p>File reviews</p> <p>Updating checklists</p>
	<p>Bank account administration</p>	<p>Preparing correspondence closing accounts</p> <p>Requesting bank statements</p> <p>Bank account reconciliations</p> <p>Correspondence with bank regarding specific transfers</p>
	<p>ASIC Forms and lodgements</p>	<p>Preparing and lodging ASIC forms including 505, 5602/5603 etc</p> <p>Correspondence with ASIC regarding statutory forms</p>

	ATO and other statutory reporting	Preparing BAS Completing STP reporting obligations
	Finalisation	Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration Completing checklists Finalising WIP
	Planning / Review	Discussions regarding status of administration
	Books and records / storage	Dealing with records in storage Sending job files to storage



### Schedule H - Time spent by staff on each major task (future work)

The below table sets out the expected costs for the major tasks likely to be performed by staff members working on the administration for the period from the execution of the DOCA to the effectuation of the DOCA which is the basis of the Resolution 6 claim. More detailed descriptions of the tasks likely to be performed within each task category, matching the amounts below, are contained in Schedule G.

Employee Name	Employee Position	Total		Assets Hrs (\$)	Creditors Hrs (\$)	Employees Hrs (\$)	Dividend Hrs (\$)	Admin Hrs (\$)
		\$ / Hr (ex Tax)	Actual Hrs (\$)					
			<i>3.50</i>	<i>1.00</i>	<i>1.00</i>	<i>0.00</i>	<i>1.00</i>	<i>0.50</i>
Morgan Brent	Appointee	695.00	2,433	695	695	0	695	348
			<i>3.00</i>	<i>0.50</i>	<i>1.00</i>	<i>0.00</i>	<i>1.00</i>	<i>0.50</i>
Cremin Shane	Appointee	695.00	2,085	348	695	0	695	348
			<i>12.00</i>	<i>5.00</i>	<i>2.00</i>	<i>1.00</i>	<i>3.00</i>	<i>1.00</i>
Holton David	Director	695.00	8,340	3,475	1,390	695	2,085	695
			<i>22.00</i>	<i>10.00</i>	<i>4.00</i>	<i>2.00</i>	<i>5.00</i>	<i>1.00</i>
Mendez Alex	Associate Director	650.00	14,300	6,500	2,600	1,300	3,250	650
			<i>41.00</i>	<i>20.00</i>	<i>5.00</i>	<i>5.00</i>	<i>10.00</i>	<i>1.00</i>
Chi Henry	Supervisor 1	450.00	18,450	9,000	2,250	2,250	4,500	450
			<i>18.00</i>	<i>0.00</i>	<i>2.00</i>	<i>0.00</i>	<i>15.00</i>	<i>1.00</i>
Kartika Vincent	Senior Accountant 2	310.00	5,580	0	620	0	4,650	310
			<i>54.00</i>	<i>25.00</i>	<i>2.00</i>	<i>10.00</i>	<i>15.00</i>	<i>2.00</i>
Seng Lytech	Senior Accountant 2	310.00	16,740	7,750	620	3,100	4,650	620
			<i>49.00</i>	<i>20.00</i>	<i>2.00</i>	<i>10.00</i>	<i>15.00</i>	<i>2.00</i>
Keiren Heywood	Intermediate 1	270.00	13,230	5,400	540	2,700	4,050	540
			<i>11.00</i>	<i>0.00</i>	<i>1.00</i>	<i>0.00</i>	<i>1.00</i>	<i>9.00</i>
Carroll Jessica	Snr Client Admin & Treasury	400.00	4,400	0	400	0	400	3,600
			<i>18.00</i>	<i>7.00</i>	<i>1.00</i>	<i>0.00</i>	<i>0.00</i>	<i>10.00</i>
Sok Lida	Administrative Officer 1	260.00	4,680	1,820	260	0	0	2,600
			<i>231.50</i>	<i>88.50</i>	<i>21.00</i>	<i>28.00</i>	<i>66.00</i>	<i>28.00</i>
<b>TOTAL</b>			90,238	34,988	10,070	10,045	24,975	10,160
<b>TAX</b>			9,024					
<b>TOTAL INCLUDING TAX</b>			99,261					
<b>Average hourly rate</b>			389.79	395.34	479.52	0.00	378.41	362.86

### Schedule I – Details of work (future work) in the Liquidation (only if creditors vote to place the Company into Liquidation)

The table below provides a description of the work anticipated to be undertaken in each major task category for the period 28 March 2024 to the conclusion of the Liquidation.

Future work in the Liquidation		
Period 28 March 2024 to the conclusion of the Liquidation		
Amount (ex. GST) \$475,345 (rounded to \$475,000 for the Resolution)		
Task Area	General Description	Task
Assets 234.00 Hours \$100,080	Plant and Equipment	Attend to realisation of plant and equipment Receipt funds from sale of plant and equipment
	Assets subject to specific charges	All tasks associated with realising a charged asset
	Debtors	Monitor progress of debtor collections Correspondence with individual debtors regarding outstanding amounts Assessing counter claims raised by debtors Internal meetings to discuss debtor collections Reviewing and assessing debtors' ledgers Reviewing and assessing debtors' ledgers Liaising with debt collectors and solicitors Write-off uncollectable amounts Receipt debtor payments
	Stock	Attending to the sale of the Company's stock Liaising with auctioneer regarding the sale of the Company's stock Monitor the progress of sale of stock Reviewing and assessing claims of ownership over the Company's stock made by third parties Deal with any other stock issues/matters
Creditors 79.00 Hours \$29,950	Creditor Enquiries, Requests & Directions	Receive and respond to creditor enquiries Maintaining creditor request log Review and prepare initial correspondence to creditors and their representatives Documenting

		<p>Considering reasonableness of creditor requests</p> <p>Obtaining legal advice on requests</p> <p>Documenting reasons for complying or not complying with requests or directions</p> <p>Compiling information requested by creditors</p>
	Secured creditor reporting	<p>Notifying PPSR registered creditors of appointment</p> <p>Preparing reports to secured creditor</p> <p>Responding to secured creditor's queries</p>
	Creditor reports	<p>Preparing Statutory Report by Liquidator and general reports to creditors</p>
	Dealing with proofs of debt	<p>Receipting and filing POD when not related to a dividend</p>
<p>Employees</p> <p>24.00 Hours</p> <p>\$10,035</p>	Employees enquiries	<p>Receive and follow up employee enquiries via telephone</p> <p>Maintain employee enquiry register</p>
	FEG	<p>Correspondence with FEG</p> <p>Preparing notification spreadsheet</p> <p>Preparing FEG quotations</p> <p>Completing FEG questionnaires</p>
	Calculation of entitlements	<p>Reconciling superannuation accounts</p> <p>Reviewing awards</p>
	Employee dividend	<p>Correspondence with employees regarding dividend</p> <p>Correspondence with ATO regarding SGC proof of debt</p> <p>Calculating dividend rate</p> <p>Preparing dividend file</p> <p>Advertising dividend notice</p> <p>Preparing distribution</p> <p>Receipting POD</p> <p>Adjudicating POD</p> <p>Ensuring PAYG is remitted to ATO</p>
<p>Investigation</p> <p>658.00 Hours</p> <p>\$280,085</p>	Conducting investigation	<p>Collection of Company books and records</p> <p>Correspondence with ASIC to receive assistance in obtaining reconstruction of financial statements, Company's books and records and Report on Company Affairs and Property</p> <p>Reviewing Company's books and records</p> <p>Review and preparation of Company nature and history</p>

		<p>Conducting and summarising statutory searches  Preparation of comparative financial statements  Preparation of deficiency statement  Review of specific transactions and liaising with directors regarding certain transactions  Liaising with directors regarding certain transactions  Preparation of investigation file  Lodgement of investigation with the ASIC  Preparation and lodgement of supplementary report if required</p>
	Examinations	<p>Preparing brief to solicitor  Liaising with solicitor(s) regarding examinations  Attendance at examination  Reviewing examination transcripts  Liaising with solicitor(s) regarding outcome of examinations and further actions available</p>
	Litigation / Recoveries	<p>Internal meetings to discuss status of litigation  Preparing brief to solicitors  Liaising with solicitors regarding recovery actions  Attending to negotiations  Attending to settlement matters</p>
	ASIC reporting	<p>Preparing statutory investigation reports  Preparing affidavits seeking non-lodgement assistance  Liaising with ASIC</p>
<p>Dividend  101.00 Hours  \$40,175</p>	Processing proofs of debt (POD)	<p>Preparation of correspondence to potential creditors inviting lodgement of POD  Receipt of POD  Maintain POD register  Adjudicating POD  Request further information from claimants regarding POD  Preparation of correspondence to claimant advising outcome of adjudication</p>
	Dividend procedures	<p>Preparation of correspondence to creditors advising of intention to declare dividend  Advertisement of intention to declare dividend  Obtain clearance from ATO to allow distribution of Company's assets  Preparation of dividend calculation</p>

		Preparation of correspondence to creditors announcing declaration of dividend Advertise announcement of dividend Preparation of distribution Preparation of dividend file Preparation of payment vouchers to pay dividend Preparation of correspondence to creditors enclosing payment of dividend
Administration 40.00 Hours \$15,020	Document maintenance/file review/checklist	Six monthly administration reviews Filing of documents File reviews Updating checklists
	Insurance	Identification of potential issues requiring attention of insurance specialists Correspondence with insurer regarding initial and ongoing insurance requirements Reviewing insurance policies Correspondence with previous brokers
	Bank account administration	Preparing correspondence opening and closing accounts Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers
	ASIC Forms and lodgements	Preparing and lodging ASIC forms including 505, 5602/5603, 911 etc Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	Notification of appointment Preparing BAS Completing STP reporting obligations
	Finalisation	Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration Completing checklists Finalising WIP
	Planning / Review	Discussions regarding status of administration
	Books and records / storage	Dealing with records in storage Sending job files to storage

### Schedule J - Time spent by staff on each major task (future work)

The below table sets out the expected costs for the major tasks likely to be performed by staff members working on the administration for the period 28 March 2024 to the conclusion of the Liquidation which is the basis of the Resolution 9 claim. More detailed descriptions of the tasks likely to be performed within each task category, matching the amounts below, are contained in Schedule J.

Employee Name	Employee Position	Total		Assets Hrs (\$)	Creditors Hrs (\$)	Employees Hrs (\$)	Investig. Hrs (\$)	Dividend Hrs (\$)	Admin Hrs (\$)
		\$ / Hr (ex Tax)	Actual Hrs (\$)						
			<i>21.00</i>	<i>5.00</i>	<i>2.00</i>	<i>1.00</i>	<i>10.00</i>	<i>2.00</i>	<i>1.00</i>
Morgan Brent	Appointee	695.00	14,595	3,475	1,390	695	6,950	1,390	695
			<i>20.00</i>	<i>5.00</i>	<i>2.00</i>	<i>0.00</i>	<i>10.00</i>	<i>2.00</i>	<i>1.00</i>
Cremin Shane	Appointee	695.00	13,900	3,475	1,390	0	6,950	1,390	695
			<i>78.00</i>	<i>20.00</i>	<i>4.00</i>	<i>2.00</i>	<i>45.00</i>	<i>5.00</i>	<i>2.00</i>
Holton David	Director	695.00	54,210	13,900	2,780	1,390	31,275	3,475	1,390
			<i>148.00</i>	<i>36.00</i>	<i>6.00</i>	<i>3.00</i>	<i>90.00</i>	<i>11.00</i>	<i>2.00</i>
Mendez Alex	Associate Director	650.00	96,200	23,400	3,900	1,950	58,500	7,150	1,300
			<i>248.00</i>	<i>45.00</i>	<i>8.00</i>	<i>5.00</i>	<i>170.00</i>	<i>17.00</i>	<i>3.00</i>
Chi Henry	Supervisor 1	450.00	111,600	20,250	3,600	2,250	76,500	7,650	1,350
			<i>290.00</i>	<i>0.00</i>	<i>15.00</i>	<i>0.00</i>	<i>250.00</i>	<i>20.00</i>	<i>5.00</i>
Kartika Vincent	Senior Accountant 3	310.00	89,900	0	4,650	0	77,500	6,200	1,550
			<i>106.00</i>	<i>60.00</i>	<i>15.00</i>	<i>6.00</i>	<i>0.00</i>	<i>20.00</i>	<i>5.00</i>
Seng Lytech	Senior Accountant 3	310.00	32,860	18,600	4,650	1,860	0	6,200	1,550
			<i>190.00</i>	<i>60.00</i>	<i>15.00</i>	<i>7.00</i>	<i>83.00</i>	<i>20.00</i>	<i>5.00</i>
Keiren Heywood	Intermediate 1	270.00	51,300	16,200	4,050	1,890	22,410	5,400	1,350
			<i>12.00</i>	<i>0.00</i>	<i>3.00</i>	<i>0.00</i>	<i>0.00</i>	<i>2.00</i>	<i>7.00</i>
Carroll Jessica	Snr Client Admin & Treasury	400.00	4,800	0	1,200	0	0	800	2,800
			<i>23.00</i>	<i>3.00</i>	<i>9.00</i>	<i>0.00</i>	<i>0.00</i>	<i>2.00</i>	<i>9.00</i>
Sok Lida	Administrative Officer 1	260.00	5,980	780	2,340	0	0	520	2,340
			<i>1,136.00</i>	<i>234.00</i>	<i>79.00</i>	<i>24.00</i>	<i>658.00</i>	<i>101.00</i>	<i>40.00</i>
<b>TOTAL</b>			475,345	100,080	29,950	10,035	280,085	40,175	15,020
<b>TAX</b>			47,535						
<b>TOTAL INCLUDING TAX</b>			522,880						
<b>Average hourly rate</b>			418.44	427.69	379.11	0.00	0.00	397.77	375.50

## Schedule K - Resolutions

We will be seeking approval of the following resolutions to approve our remuneration. Details to support these resolutions are included in section 3 and 4 and in the attached Schedules.

### [Resolution 1 – for work we have already done in the Voluntary Administration \(Claim 1\)](#)

“That the remuneration of the Joint & Several Administrators for the period 21 February 2024 to 15 March 2024, calculated at hourly rates as detailed in the Remuneration Approval Report dated 20 March 2024, is approved for payment in the sum of \$131,813, which excludes GST of \$13,181, and that the Joint & Several Administrators can draw the remuneration from available funds immediately or as funds become available.”

### [Resolution 2 – for future work to be done in the Voluntary Administration \(Claim 2\)](#)

“That the future remuneration of the Joint & Several Administrators from 16 March 2024 to 28 March 2024 is determined at a sum equal to the cost of time spent by the Joint & Several Administrators and their directors and staff, calculated at the hourly rates as detailed in the Remuneration Approval Report dated 20 March 2024, up to a capped amount of \$48,187, exclusive of GST, and that the Joint & Several Administrators can draw the remuneration as incurred from available funds or as funds become available.”

### [Resolution 5 – for future work to be done in the Voluntary Administration \(Claim 3\) \(if applicable\)](#)

“That the future remuneration of the Joint & Several Administrators from 28 March 2024 to the execution of the DOCA is determined at a sum equal to the cost of time spent by the Joint & Several Administrators and their directors and staff, calculated at the hourly rates as detailed in the Remuneration Approval Report dated 20 March 2024, up to a capped amount of \$26,120, exclusive of GST, and that the Joint & Several Administrators can draw the remuneration as incurred from available funds or as funds become available.”

### [Resolution 6 – for future work to be done in the Deed Administration \(Claim 4\) \(if applicable\)](#)

“That the future remuneration of the Deed Administrator(s) from the execution of the DOCA to the effectuation of the DOCA is determined at a sum equal to the cost of time spent by the Deed Administrator and their directors and staff, calculated at the hourly rates as detailed in the Remuneration Approval Report dated 20 March 2024, up to a capped amount of \$90,000, exclusive of GST, subject to the Deed Administrator’s right to seek further fee approval should the need arise and that the Joint & Several Administrators can draw the remuneration as incurred from available funds or as funds become available.”

### [Resolution 9 – for future work to be done in the Liquidation \(Claim 5\) \(if applicable\)](#)

“That the future remuneration of the Liquidator(s) from 28 March 2024 to the completion of the liquidation is determined at a sum equal to the cost of time spent by the Liquidators and their directors and staff, calculated at the hourly rates as detailed in the Remuneration Approval Report dated 20 March 2024, up to a capped amount of \$475,000, exclusive of GST, subject to the Liquidator’s right to seek further fee approval should the need arise and that the Liquidator(s) can draw the remuneration as incurred from available funds or as funds become available.”

The basis of calculating the remuneration claims and the details of the major tasks performed and the costs associated with each of those major tasks are contained in Schedules A to J.

### Schedule L - Disbursements

The disbursements we are asking creditors to approve is in respect to the following three appointments (as applicable):

- In the Voluntary Administration of the Company (Claims 1 and 2 below);
- In the Deed Administration of the Company (as applicable) (i.e. only if creditors vote in favour of the Company executing a Deed of Company Arrangement (DOCA)) (Claims 3 & 4 below); and
- In the Liquidation of the Company (as applicable) (Claim 5 below).

### Internal disbursement incurred in the Voluntary Administration

The following internal disbursements have been claimed by our firm for the period 21 February 2024 to 29 February 2024.

Whilst we are required to seek approval of internal disbursements which are not charged at cost, in the interests of providing full disclosure to creditors, we have provided below a summary of all internal disbursements incurred for the period 21 February 2024 to 29 February 2024.

Approval of internal disbursements (not at cost) in the amount of \$70.00 (excluding GST) is being sought from creditors at the meeting of creditors.

Internal disbursements incurred but yet to be approved 21 February 2024 to 29 February 2024	Basis	Total (Excl GST)
<b>Internal Disbursements (at cost)</b>		
Searches	At Cost	\$365.68
Postage – General Mail	At Cost	\$6.00
Postage – Priority Mail	At Cost	\$257.50
<b>Total Internal Disbursements (at cost)</b>		<b>\$629.18</b>
<b>Internal Disbursements (not at cost)</b>		
Photocopying/Printing	140 pages @ 50 cents/page	\$70.00
<b>Total Internal Disbursements (not at cost)</b>		<b>\$70.00</b>
<b>TOTAL INTERNAL DISBURSEMENTS</b>		<b>\$699.18</b>

The following resolution will be put to creditors to obtain approval of the above internal disbursements not charged at cost:

### Resolution 3 - Joint & Several Administrators' Retrospective (Past) Internal Disbursements (Claim 1)

“That the internal disbursements (not at cost) claimed by our firm for the period 21 February 2024 to 29 February 2024, calculated at the rates detailed in the Remuneration Approval Report dated 20 March 2024, are approved for payment in the amount of \$70, which excludes GST of \$7.00, and that the Joint & Several Administrators can draw the disbursements from available funds immediately or as funds become available.”



## Future internal disbursements

We will be seeking approval of the following resolutions to approve our future internal disbursements (not at cost) to be incurred by us in the Voluntary Administration, Deed Administration (if applicable) or Liquidation (if applicable).

All future internal disbursements incurred by our firm will be charged to the Administration at the rates detailed in the attached Guide to Hourly Rates.

### [Resolution 4 - Joint & Several Administrators' Prospective \(Future\) Internal Disbursements \(Claim 2\)](#)

“That the internal disbursements (not at cost) claimed by our firm for the period 1 March 2024 to 28 March 2024, calculated at the rates detailed in the Rodgers Reidy Guide to Hourly Rates as at 1 November 2022, are approved up to a capped amount of \$200, exclusive of GST, and that the Joint & Several Administrators can draw the disbursements as incurred from available funds immediately or as funds become available.”

### [Resolution 7 - Joint & Several Administrators' Prospective \(Future\) Internal Disbursements \(Claim 3\)](#)

“That the internal disbursements (not at cost) claimed by our firm for the period 28 March 2024 to the execution of the DOCA, calculated at the rates detailed in the Rodgers Reidy Guide to Hourly Rates as at 1 November 2022, are approved up to a capped amount of \$200, exclusive of GST, and that the Joint & Several Administrators can draw the disbursements as incurred from available funds immediately or as funds become available.”

### [Resolution 8 – Deed Administrator\(s\) Prospective \(Future\) Internal Disbursements \(Claim 4\)](#)

“That the internal disbursements (not at cost) claimed by our firm for the period from the execution of the DOCA to the effectuation of the DOCA, calculated at the rates detailed in the Rodgers Reidy Guide to Hourly Rates as at 1 November 2022, are approved up to a capped amount of \$200, exclusive of GST, and that the Deed Administrators can draw the disbursements as incurred from available funds immediately or as funds become available.”

### [Resolution 10 – Liquidator\(s\) Prospective \(Future\) Internal Disbursements \(Claim 5\)](#)

“That the internal disbursements (not at cost) claimed by our firm for the period from 28 March 2024 to the completion of the Liquidation, calculated at the rates detailed in the Rodgers Reidy Guide to Hourly Rates as at 1 November 2022, are approved up to a capped amount of \$500, exclusive of GST, and that the Liquidators can draw the disbursements as incurred from available funds immediately or as funds become available.”

# **APPENDIX E**

**GUIDE TO HOURLY RATES**  
**Melbourne - Effective 1 November 2022**

Classification	Rate (\$) ex GST	Guide to Level of Experience
Appointee/Director/Consultant	695.00	10+ years' experience in insolvency, restructuring or forensic accounting, bringing his/her specialist skills and knowledge to engagements and capable of controlling all aspects of an engagement. May be appropriately qualified to take appointments in own right.
Associate Director	650.00	Typically qualified. 8+ years' experience. Well-developed technical and commercial skills, bringing additional specialist skills to administrations and/or insolvency tasks. May be appropriately qualified to take appointments in his/her own right.
Senior Manager	550.00	Typically qualified. 7+ years' experience. Well-developed technical and commercial skills, bringing additional specialist skills to administrations and/or insolvency tasks.
Manager	520.00	Typically qualified. 5-7 years' experience. Well-developed technical and commercial skills. Planning and control of all administrations and/or insolvency tasks.
Supervisor 1	450.00	Typically graduate/qualified. 4-6 years' experience. Co-ordinates planning and control of medium to larger administrations and/or insolvency tasks.
Supervisor 2	420.00	Typically graduate/qualified. 3-4 years' experience. Co-ordinates planning and control of medium to larger administrations and/or insolvency tasks.
Senior Accountant 1	380.00	Typically graduate. 2-4 years' experience. Required to control and/or assist with fieldwork on administrations and/or insolvency tasks.
Senior Accountant 2	330.00	Typically graduate. 2-3 years' experience. Required to control and/or assist with fieldwork on administrations and/or insolvency tasks.
Senior Accountant 3	310.00	Typically graduate. 1-2 years' experience. Required to control and/or assist with fieldwork on administrations and/or insolvency tasks.
Intermediate Accountant 1	270.00	Typically under graduate/graduate. Up to 1 year experience. Required to control the fieldwork on small administrations and/or insolvency tasks and assist with fieldwork on medium to large administrations and/or insolvency tasks.
Intermediate Accountant 2	250.00	Typically under graduate. Up to 1 year experience. Required to assist in day to day fieldwork of administrations and/or insolvency tasks under the supervision of more senior staff.
Practice Services Director	500.00	Typically qualified in Business Administration or specific industry qualifications. 5+ years' experience in practice administration.
Snr Client Admin & Treasury	400.00	3-5 years' experience managing client administration and treasury tasks
Client Admin & Treasury	310.00	1-2 years' experience managing client administration and treasury tasks
Office Manager	380.00	Typically qualified in Business Administration and has appropriate skills to organise and coordinate administration duties and office procedures.
Executive Assistant	330.00	5+ years' experience in administrative role with appropriate skills
Office Supervisor	290.00	3-4 years' experience in administrative role with appropriate skills
Administrative Officer 1	260.00	Typically attends to clerical duties and administrative functions.
Administrative Officer 2	250.00	Typically attends to clerical duties and administrative functions.
Junior Clerk	220.00	Typically attends to clerical duties and assists with routine tasks.

- Notes:**
- The Guide to Hourly Rates and Classification Experience is intended only to be a guide as to the qualifications and experience of the staff engaged. It should be noted that in some instances staff may be engaged under an appropriate classification principally due to their experience.
  - "Qualified" means CAANZ or CPA or Masters or ARITA or some recognised qualification above that of graduate.
  - Time spent on matters is recorded and charged in six minute intervals.
  - The rates are subject to increase from time to time.
  - The hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage.

**Disbursements:**

Meeting Room (External)	At cost	Facsimile (outgoing)	\$1.50 per page (Excl. GST)
Advertising	At cost	Phone Calls (Local)	\$1.00 (Excl. GST)
Stationery - Files	\$7.50 per folder (Excl. GST)	Phone Calls (Mobile & Distance)	\$1.50 flag + 1cent per second (Excl. GST)
- Other	At cost	Storage	At cost + \$1 monthly admin fee
Travel - Accommodation	At cost	Searches	At cost
- Taxi/Flights/Hire Cars	At cost	Courier	At cost
- Parking/Road Tolls	At cost	Postage	At cost
- Vehicle use	Cents per km (Excl. GST)	Mail Redirections	At cost
Photocopying/Printing	50 cents per page (Excl. GST)	Other items	At cost
Facsimile (incoming)	\$1.00 per page (Excl. GST)		

# **APPENDIX F**

## Annexure F - Summary of Receipts & Payments

### National Agricultural Services Pty Ltd (Administrators Appointed)

#### Receipts and Payments Summary

From: 21/02/2024 to 13/03/2024

	<b>Amount (\$)</b>
<b>Trading Receipts</b>	
Sales	6,754.09
<b>Non-Trading Receipts</b>	
Debtor Receipts	10,462.32
Interest Income	3.69
Loan from NAB for trading expenses	15,000.00
Director Contribution	10,000.00
<b>Total Receipts</b>	<b>42,220.10</b>
<b>Trading Payments</b>	
Wages & Salaries	(2,731.30)
Pre-appointment Wages & Salaries	(4,096.95)
<b>Total Payments</b>	<b>(6,828.25)</b>
<b>Net Receipts &amp; Payments</b>	<b>35,391.85</b>

# **APPENDIX G**

**Annexure G - Listing of PPSR Registrations and Status of Secured Claims**

Name	Date Registered	Debt at Appointment (\$)	Estimated Value of Security (\$)	Estimated Deficiency (\$)	Status
Amtrade International Pty Ltd	30/07/2014	-	-	-	Registrant confirmed no outstanding debt.
Australia And New Zealand Banking Group Limited	21/05/2014	-	-	-	Registrant confirmed no outstanding debt and has discharged registration.
Basf Australia Ltd	24/06/2019	-	-	-	Registrant confirmed no outstanding debt.
Blundstone Australia Pty Ltd	31/01/2023	3,350.88	3,350.88	-	Valid security - awaiting response on stock collection.
Br&C Agents Pty Ltd / Cq Ag Services Pty Ltd / Dairy Livestock Services Pty Ltd / Davidson Cameron & Co Dubbo Pty Ltd / Davidson Cameron Pty Limited / Davidson Cameron & Co. Narrabri Pty. Ltd / Davidson Cameron Clydsdale & Co Pty Ltd / Davidson Cameron Mcculloch & Co. Pty Ltd / Grant, Daniel & Long Pty. Ltd / Ingham Farm Centre Pty Ltd / Platinum Operations Pty Ltd / Primaries Of Wa Pty Ltd / Queensland Rural Pty Ltd/Rawlinson & Brown Pty Ltd /Roberts Limited /Rodwells & Co Pty Ltd / Southern Australian Livestock Pty. Ltd / Stevens Egan Johnston Pty Ltd/ Territory Rural Mchperson Pty Ltd /Territory Rural Pty Limited/The Farm Shop (Wa) 1999 Pty Ltd	30/01/2012	-	-	-	No response forthcoming, however the Company's records do not disclose any debt owed.
Bunzl Brands & Operations Pty Limited	18/01/2024	-	-	-	No response forthcoming, however the Company's records do not disclose any debt owed.
Carter Holt Harvey Woodproducts Australia Pty Limited	16/07/2014	-	-	-	No response forthcoming, however the Company's records do not disclose any debt owed.
Combined Rural Traders Pty Limited	19/02/2012	-	-	-	No response forthcoming, however the Company's records do not disclose any debt owed.
Davey Water Products Pty Ltd	19/07/2012	-	-	-	Registrant confirmed no outstanding debt.
Diversey Australia Pty. Limited	19/03/2013	-	-	-	No response forthcoming, however the Company's records do not disclose any debt owed.
Dksh Agrisolutions Pty Ltd	26/04/2022	110,528.22	16,943.21	93,585.01	Valid security - has collected stock.
Duluxgroup (Australia) Pty Ltd	15/03/2013	41,026.28	35,285.86	5,740.42	Valid security - awaiting response on stock collection.
Electrical Agencies Pty Ltd T/A Electaserv Trading	30/01/2012	3,557.22	3,557.22	-	Awaiting security documents to confirm validity of security.
Elgas Limited	31/03/2017	-	-	-	-
	01/04/2017	1,997.98	904.09	1,093.89	Valid security - awaiting response on stock collection.
	12/06/2019	-	-	-	-
	07/09/2020	-	-	-	-
Grochem Australia Pty Ltd	14/08/2023	192,151.01	4,815.68	187,335.33	Awaiting security documents to confirm validity of security.
Home Timber & Hardware Group Pty Ltd	30/01/2012	41,895.05	34,573.88	7,321.17	Valid security - awaiting response on stock collection.
Imaxeon Pty Ltd / Bayer Cropscience Pty Ltd / Bayer Australia Ltd	09/06/2020	120,557.00	1,616.65	118,940.35	Awaiting security documents to confirm validity of security.
Ixom Operations Pty Ltd	14/02/2012	-	-	-	Registrant confirmed no outstanding debt.
	30/07/2018	-	-	-	-
Kenso Agcare Pty. Ltd	18/05/2021	-	-	-	Registrant confirmed no outstanding debt.
Little Moreton Pty Ltd	27/02/2012	-	-	-	No response forthcoming, however the Company's records do not disclose any debt owed.
Makita (Australia) Pty Ltd	17/02/2012	-	-	-	Registrant confirmed no outstanding debt and has discharged registration.
Mars Australia Pty Ltd	11/09/2018	-	-	-	No response forthcoming, however the Company's records do not disclose any debt owed.
	11/09/2018	-	-	-	-
National Australia Bank Limited	31/10/2019	393,755.69	393,755.69	-	Valid security over all Company assets.
Nutrien Ag Solutions Limited	03/08/2016	-	-	-	Registrant confirmed no outstanding debt and has discharged registration.
O.E. & D.R. Pope Pty. Ltd	30/01/2012	-	-	-	Registrant confirmed no outstanding debt and has discharged registration.
Oji Fibre Solutions (Aus) Pty Ltd	21/07/2016	-	-	-	No response forthcoming, however the Company's records do not disclose any debt owed.
Omni Pty Ltd	09/03/2017	-	-	-	Registrant confirmed no outstanding debt.
P.J & J R Phillips Pty Ltd	13/04/2021	-	-	-	Registrant confirmed no outstanding debt and has discharged registration.
Pro-Pac Packaging (Aust) Pty. Limited	06/12/2021	-	-	-	No response forthcoming, however the Company's records do not disclose any debt owed.
Redox Limited	31/05/2016	161,625.86	15,917.50	145,708.36	Valid security - to collect stock at the completion of the Voluntary Administration.
Roundwood Solutions Pty Ltd / Benalla Timber Products Pty. Ltd / Lincoln Rural Supplies Pty. Ltd / Whiteheads Timber Sales Pty Ltd /The Treated Timber Trust /Tarmac (S.A.) Pty. Ltd/Shelton Timber Treatment Co. Pty. Ltd./National Agricultural Services Pty Ltd/A.B. Chalmers & J.D. Chalmers/E.E. Muir & Sons Pty. Limited/Platinum Operations Pty Ltd	17/11/2015	-	-	-	No response forthcoming, however the Company's records do not disclose any debt owed.
Sacoa Pty Ltd	12/03/2013	-	-	-	Refer to Dksh Agrisolutions Pty Ltd.
Shelton Timber Treatment Co. Pty. Ltd	22/11/2013	42,551.19	-	42,551.19	Valid registration but no stock held at the time of appointment.
Syngenta Australia Pty Ltd	08/02/2021	152,265.37	15,371.00	136,894.37	Valid security - to collect stock at the completion of the Voluntary Administration.
Tama Australia Pty Ltd	07/04/2021	6,626.40	6,626.40	-	Awaiting security documents to confirm validity of security.
Visy Logistics No 2 Pty Ltd /Regional Recyclers Pty Ltd/Visy Automation International Pty Ltd/Southern Paper Pty Ltd/Visy West Coast Pty Ltd/Visy Industries Australia Pty Ltd/Visy Leasing Pty Ltd/Visy Logistics Pty Ltd/Visy Call Services Pty Ltd /Salvage Paper Pty Ltd/Mason Duflex Displays Pty. Limited/P & I Pty. Ltd/Visy Recycling Australia Pty Ltd/Visy Technology Systems Pty Ltd/Mpc Quikpak Pty Ltd/The Trustee For Southern Paper Converters Trust/Ace Print And Display Pty Limited /Visy Paper Pty. Ltd. /Build Run Repair (Australia) Pty Ltd/Visypet Pty. Ltd./Visy Packaging Pty. Ltd/Visy Pulp And Paper Pty. Ltd/Visy Glama Pty Ltd/Visy Board Proprietary Limited /Visy Glass Operations (Australia) Pty Ltd	06/02/2018	14,029.40	11,988.59	2,040.81	Valid security - awaiting response on stock collection.

# **APPENDIX H**



Annexure H - Listing of Unsecured Creditors  
National Agricultural Services Pty Ltd (Administrators Appointed)

Unsecured Creditors	Related Party	Amount (\$)
A & C De Maria	<i>Suppressed</i>	760.50
ACW Group Pty Ltd	18 Follett Close MOUNT BARKER SA 5000	7,740.56
Adama Australia Pty Ltd	PO Box 302 ST LEONARDS NSW 1590	61,428.40
ADSELS Pty Ltd	PO Box 2605 BENDIGO VIC 3554	8,781.32
Advanced Seed	31 Merri Concourse CAMPBELLFIELD VIC 3061	730.75
Agimate Pty Ltd	25 Bridge Way MILDURA VIC 3500 AUSTRALIA	276.57
Agri West Pty Ltd	PO Box 6188 QUEANBEYAN EAST NSW 2620	1,584.00
Agspec	PO Box 1006 MT GAMBIER SA 5290	18,499.18
AJ & JG Cordier Pty Ltd	PO Box 1128 RED CLIFFS VIC 3496	38.11
AJ & PF Ryan	<i>Suppressed</i>	989.91
Aline Trading Pty Ltd	1 Aurora Avenue IRYMPLE VICTORIA 3498	501.34
Alliance Timber Group Pty Ltd	PO Box 747 GEELONG VIC 3220	47,437.50
Analytical Laboratories and Technical	585 River Avenue MERBEIN VIC 3505	1,014.75
Animal Control Technologies	46-50 Freight Drive SOMERTON VIC 3062	57,917.10
ARCH Project Group	PO Box 3500CP MILDURA VIC 3502	280.00
AUSTRALIAN POSTAL CORPORATION	GPO Box 2137 MELBOURNE VIC 3000	174.00
Australian Taxation Office	GPO Box 9990, PENRITH NSW 2754	289,694.36
Badger, Tristan (Mr)	<i>Suppressed</i>	1,824.47
BAYER CROPSCIENCE PTY LTD	875 Pacific Highway PYMBLE NSW 2073	118,940.35
Beretta Australia Pty Ltd	P.O BOX 4258 DANDENONG SOUTH VIC 3164	6,155.60
ButcherQuip	P.O BOX 1042 KELMSCOTT WA 6997	2,882.27
C. Stanley & K.I Stanley TA Slope	<i>Suppressed</i>	7,755.00
Castle Chemicals Pty Ltd	16 Rural Drive SANDGATE NSW 2304	2,583.38
Cello Paper Pty Ltd	Locked Mail Bag 14 FAIRFIELD NSW 2165	6,564.89
Chalmers Vineyards	PO Box 56 MERBEIN VIC 3505	105.00
Chep Australia Ltd. A Brambles	P.O Box 119 LIDCOMBE NSW 1825	2,737.14
Clark Equipment Sales Pty Ltd	P.O BOX 50 HORNSBY NSW 1630	3,860.81
Clayton Investments Pty Ltd	24 Healy Rd DANDENONG SOUTH VIC 3164	1,103.23
Colin Campbell (Chemicals) Pty Ltd	PO Box 6789 WETHERILL PARK NSW 2164	37,112.46
Cookes Pool and Spas	PO BOX 5005 MILDURA VIC 3502	84.50
Creditor Watch Pty Ltd	GPO Box 276 SYDNEY NSW 2001	358.15
D & K Lack Holdings Pty Ltd	71 Eglinton St, MOONEE PONDS VIC 3039	22,278.63
D.A & D.F Ghidinelli	<i>Suppressed</i>	187.97
Dasco Pty Ltd	Level 2/9 George Street NORTH STRATHFIELD NSW 2137	2,873.53
Delta Agribusiness Pty Ltd	48 Hawker Road BURTON SA 5110	307,576.01
DJ Farnsworth	<i>Suppressed</i>	17,270.17
DKSH AGRISOLUTIONS PTY LTD	Level 1, 29 Christie Street ST LEONARDS NSW 2065	93,585.01
DULUXGROUP (AUSTRALIA) PTY LTD	PO Box 60 CLAYTON VIC 3169	5,740.42
Easy 2C	91 Phillip St PARRAMATTA NSW 2150	8,541.95
Eclipse Enterprises (Australia) Pty Ltd	1 Marlow Road KESWICK SA 5035	46,920.13
ELGAS LIMITED	PO BOX 1336 CHATSWOOD NSW 2067	1,093.89
Extrusion Technologies International	31 Computer Road YATALA QLD 4207	TBD
Firewatch Safety Results Group Pty Ltd	Unit 2/41-55 Leakes Rd, Laverton North VIC 3026	238.70
Foliacare Pty Ltd	C/O Unit 40/35-37 Jessica Rd CAMPBELLFIELD VIC 3061	22,330.00
Gallagher Bassett Services Workers	Locked Bag 3570, GPO MELBOURNE VIC 3001	2,644.17
Gowanbrae Heights Pty Ltd	379 Plumpton Road DIGGERS REST VIC 3427	7,594.83
GROCHEM AUSTRALIA PTY LTD	Suite 1, Level 3 262 Kiruner Street PORT MELBOURNE VIC 3207	187,335.33
Heiniger Australia Pty Ltd	5A Tayet Link BIBRA LAKE WA 6163	35,164.99
Home Timber & Hardware Group Pty	19 Corporate Drive HEATHERTON VIC 3032	7,321.17
Ilario F & Elizabeth A Cirillo	<i>Suppressed</i>	107.00
Independant Battery Distributors	1A Reconciliation Rise PEMULWAY NSW 2145	2,112.17
Instrument Choice	22A Cavan Road, DRY CREEK SA 5094	1,193.71
Intergrated Nutrition Management	38 Flaxton Mill Rd FLAXTON QLD 4560	12,413.30
Interlink Pumps & Sprays	681 Fifteenth Street MILDURA VICTORIA 3500	419.85
Irymple Post News & Tatts	2133 15st IRYMPLE VIC 3498	549.60
J Roccisano	<i>Suppressed</i>	275.55
John Morris Scientific	PO Box 447 WILLOUGHBY NSW 2068	2,615.80
K & M Caccaviello	<i>Suppressed</i>	137.89
Kendon Chemicals & Manufacturing	PO Box 160 NORTHCOTE VIC 3070	12,274.46
Kincrome Group	PO Box 135 FERNTREE GULLY VICTORIA 3156	3,804.63
Kingenta Australia Ag Pty Ltd	671-677 Hunter St NEWCASTLE NSW 2302	50,787.00
Kriesel & Co Pty Ltd	PO Box 161 WARRAGUL VIC 3820	14,665.20
Laucke Mills Pty Ltd	PO Box 11 GREENOCK SOUTH AUSTRALIA 5360	1,840.08
Lawrie & Co	47 Nawenna Road REGENCY PARK SA 5010	35,835.20
Leader Products Pty Ltd	PO Box 42 CRAIGIEBURN VICTORIA 3064	4,824.15
Liquid Fertiliser Pty Ltd	Level 19, 480 Queen Street BRISBANE QLD 4000	97,552.52
Macu Kitchens	P.O BOX 5127 MILDURA VIC 3500	18.50
Mildura Hydraulics Pty Ltd	PO Box 2340 MILDURA VIC 3500	1,419.97
MILDURA RURAL CITY COUNCIL	PO BOX 105 MILDURA VIC 3502	3,766.91
MILDURA SHOW SOCIETY INC	PO Box 4025 MILDURA VIC 3502	14,300.00
Momentum Energy	P.O BOX 353 FLINDERS LANE VIC 8009	3,146.69
Nathan Welsh Window Cleaning	P.O BOX 300 NANGILOE VIC 3494	308.00
Neutrog Trading Pty Ltd	Mine Road KANMANTOO SOUTH AUSTRALIA 5252	190,990.68
Neverfail Springwater	PO BOX 786 WENTWORTHVILLE 2145	71.31
NJ & JE Jilbert T/As Sunraysia Vine	PO Box 6235 MILDURA WEST VIC 3500	13.20
Northstar Mildura Motors	22-30 Orange Avenue, MILDURA VICTORIA	156.90
Omnia Specialities Australia Pty Ltd	P.O Box 3418 MORWELL BC VIC 3841	16,341.60
P & K Dew Family Trust T/A Due	P.O BOX 3344 MILDURA VIC 3502	6,094.00
PCT International Pty Ltd	P.O BOX 486 ARCHERFIELD QLD 4108	132,849.86
Pickering Transport Pty Ltd	PO Box 891 MILDURA VIC 3502	24,950.00
Plastic Precise Products	3 Leighton Place HORNSBY NSW 2077	3,621.61
Powercell (Australia) Trading Pty Ltd	11 Islington Court Dudley Park SOUTH AUSTRALIA ADELAIDE 5008	6,871.74
Professionals - Roccisano Property	83 Deakin Avenue MILDURA VIC 3500	43,322.15

Annexure H - Listing of Unsecured Creditors  
National Agricultural Services Pty Ltd (Administrators Appointed)

Unsecured Creditors	Related Party	Amount (\$)
Propak Industries Pty Ltd	380 Torrens Road KILKENNY SA 5009	80,168.00
REDOX LIMITED	2 SWETTENHAM RD MINTO NSW 2566	145,708.36
Rest Super	PO Box 350 PARRAMATTA NSW 2124	2,281.60
Ridley's Agri-products	PO Box 18 PAKENHAM VIC 3810	4,715.27
Rossi Boots	Level 1, West Tower, Building 3, 570 Swan Street BURNLEY VIC 3121	1,281.39
Ryset (Aust) Pty Ltd	30 Kolora Road HEIDELBERG WEST VIC 3081	144,682.71
S & W Seed Company Australia Pty	188 King Road VIRGINIA SA 5152	15,493.23
Saflon Pty Ltd	P.O BOX 1085 IRYMPLE VIC 3498	6,600.00
Seasol International Pty Ltd	PO Box 160 BAYSWATER VIC 3153	25,687.20
Shellecho Pty Ltd TA C & G Office	117 Lime Avenue MILDURA VIC 3500	338.38
SHELTON TIMBER TREATMENT CO.	45 Drapers Road COLAC EAST VIC 3250	42,551.19
Sprint Freight & Logistics	PO Box 358 RAMCO SA 5322	2,546.09
SPS South Pacific Seeds	PO Box 934 GRIFFITH NSW 2680	4,838.79
Stoller Australia Pty Ltd	1 Creswell Road LARGS BAY SA 5016	43,936.73
Streamline Cartons Pty Ltd	PO Box 334 GREENWITH SA 5125	8,490.24
Sunland Seeds Pty Ltd	PO Box 7 Macquarie St. COOPERNOOK NSW 2426	36,126.76
Sunraysia Publishing Company Pty	PO Box 951 IRYMPLE VIC 3498	32,583.65
SYNGENTA AUSTRALIA PTY LTD	PO BOX 886 NORTH RYDE NSW 1670	136,894.37
Tanuki Pty Ltd	27 Heinemann Road WELLCAMP QLD 4350	4,629.90
Techware Pty Ltd	P.O BOX 4220 HOPPERS CROSSING VIC 3029	12,487.20
Tekace Communications (Vic) Pty Ltd	PO Box 2121 MILDURA VIC 3502	2,277.32
Terranova Seeds Pty Ltd	Private Bag 118 WETHERILL PARK NSW 2164	654.38
The Trustee for Frasca Trio Estate	PO Box SM84 MILDURA SOUTH VIC 3501	280.10
Thunderbird Agricultural Products	PO Box 391 MUDGEE NSW 2850	5,007.70
Total Sales & Distribution	28 Monro Avenue KIRRAWEE NSW 2232	10,956.00
Uropa Distibution Pty Ltd	15 Badgally Rd CAMPBELLTOWN NSW 2560	7,888.60
V & P Fertilizers Pty Ltd	PO Box 2307 MILDURA VIC 3502 AUSTRALIA	12,650.00
V&E Bozzi & Co PL T/A The Rock	P.O BOX CP242 MILDURA VIC 3501	692.50
Veolia Environmental Services	PO Box 480 COHUNA VIC 3568	414.51
Vic Roads	GPO Box 1644 MELBOURNE VIC 3001	615.10
Victorian Chemicals	83 Maffra St COOLAROO VIC 3048	39,590.00
VISY LOGISTICS NO 2 PTY LTD &	PO Box 2636 GLADSTONE PARK VIC 3043	2,040.81
Vival Australia Pty Ltd	14 Thomas Road LAVERTON NORTH VICTORIA 3026	5,661.70
Weightman's Packaging	Unit 1, 138 Eleventh St MILDURA VIC 3500	17,118.85
WinHarvest Pty Ltd	9 Queensberry St DERRIMUT VIC 3030	224,900.20
Wobble Tee	P.O BOX 84 WANGI WANGI NSW 2267	544.94
Workwear Group Pty Ltd	Level 1, 187 Todd Road PORT MELBOURNE VIC 3207	798.87
WormHit Pty Ltd	P.O BOX 14000 KOORLONG VIC 3501	2,816.00
<b>Totals for Unsecured Creditors</b>		<b>3,235,212.37</b>

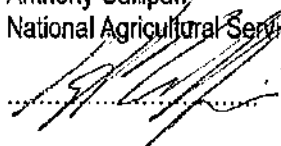
# **APPENDIX I**

**National Agricultural Services Pty Ltd (Administrators Appointed) (Company) - Proposal for a Deed of Company Arrangement (DOCA)**

1. I, Anthony Callipari, the director of the Company will contribute the sum of \$825,000 (Deed Fund) from my personal assets which will comprise of:
  - (a) \$525,000 from the sale of water rights which I expect to sell within a four week period; and
  - (b) \$300,000 from the sale or refinance of either of my lettuce farm or wine grape farm which I expect to sell within a six month period.
2. I will continue to trade the Red Cliffs store and cease operating the Mildura store.
3. Creditors with a valid registration on the Personal Property Securities Register (PPSR) are to collect their stock in reduction of their claims against the Company.
4. The majority of the unencumbered stock is to be transferred to the Red Cliffs store for ongoing trading (and therefore such stock will be excluded from the DOCA).
5. The balance of the debtor book at the time of appointment (after payment to NAB in respect of its invoice finance debt) will be included in the DOCA.
6. The plant & equipment at the Red Cliffs store will be excluded from the DOCA as it is required for ongoing trading.
7. I will retain the employment of the following staff for trading at the Red Cliffs store, with all other employees to be made redundant:
  - (a) Natalina Romeo;
  - (b) Bradley Hobson; and
  - (c) Francesco Deluca.
8. Once creditors agree to accept the DOCA proposal:
  - (a) I will arrange to have the DOCA prepared;
  - (b) The Administrators will become the Deed Administrators;
  - (c) The Deed Fund will be distributed to meet the expenses incurred by the Administrators and creditor claims pursuant to Section 556 of the Corporations Act; and
  - (d) Once the DOCA is executed, the Company will revert back to my control

Dated: 20/03/2024 .

Signed by: Anthony Callipari  
National Agricultural Services Pty Ltd



# **APPENDIX J**

# 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.
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.

### 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.

#### *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. It will only be necessary to satisfy the court that there was a breach on the balance of probabilities. There is no time limit on when the transaction occurred.

### **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.



**ASIC**

Australian Securities & Investments Commission

## INFORMATION SHEET 85

### Approving fees: a guide for creditors

If a company is in financial difficulty, it can be put under the control of an independent external administrator.

This information sheet gives general information for creditors on the approval of an external administrator's fees in a liquidation of an insolvent company, voluntary administration or deed of company arrangement (other forms of external administration are not discussed in this information sheet). It outlines the rights that creditors have in the approval process.

#### Entitlement to fees and costs

A liquidator, voluntary administrator or deed administrator (i.e. an 'external administrator') is entitled to be:

- paid reasonable *fees*, or remuneration, for the work they perform, once these fees have been approved by a creditors' committee, creditors or a court, and
- reimbursed for out-of-pocket *costs* incurred in performing their role (these costs do not need creditors' committee, creditor or court approval).

External administrators are only entitled to an amount of fees that is reasonable for the work that they and their staff properly perform in the external administration. What is reasonable will depend on the type of external administration and the issues that need to be resolved. Some are straightforward, while others are more complex.

External administrators must undertake some tasks that may not directly benefit creditors. These include reporting potential breaches of the law and lodging a detailed listing of receipts and payments with ASIC every six months. The external administrator is entitled to be paid for completing these statutory tasks.

For more on the tasks involved, see ASIC's information sheets INFO 45 *Liquidation: a guide for creditors* and INFO 74 *Voluntary administration: a guide for creditors*.

Out-of-pocket costs that are commonly reimbursed include:

**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. You will need a qualified professional adviser to take into account your particular circumstances and to tell you how the law applies to you.



- legal fees
- valuer's, real estate agent's and auctioneer's fees
- stationery, photocopying, telephone and postage costs
- retrieval costs for recovering the company's computer records, and
- storage costs for the company's books and records.

Creditors have a direct interest in the level of fees and costs, as the external administrator will, generally, be paid from the company's available assets before any payments to creditors. If there are not enough assets, the external administrator may have arranged for a third party to pay any shortfall. As a creditor, you should receive details of such an arrangement. If there are not enough assets to pay the fees and costs, and there is no third party payment arrangement, any shortfall is not paid.

## Who may approve fees

Who may approve fees depends on the type of external administration: see Table 1. The external administrator must provide sufficient information to enable the relevant decision-making body to assess whether the fees are reasonable.

**Table 1: Who may approve fees**

	Creditors' committee	Creditors	Court
Administrator in a voluntary administration	✓ <sup>1</sup>	✓	✓
Administrator of a deed of company arrangement	✓ <sup>1</sup>	✓	✓
Creditors' voluntary liquidator	✓ <sup>1</sup>	✓ <sup>5</sup>	✗ <sup>3</sup>
Court-appointed liquidator	✓ <sup>1</sup>	✓ <sup>4, 5</sup>	✓ <sup>2</sup>

<sup>1</sup> If there is one.

<sup>2</sup> If there is no approval by the committee or the creditors.

<sup>3</sup> Unless an application is made for a fee review.

<sup>4</sup> If there is no creditors' committee or the committee fails to approve the fees.

<sup>5</sup> If insufficient creditors turn up to the meeting called by the liquidator to approve fees, the liquidator is entitled to be paid up to a maximum of \$5000, or more if specified in the Corporations Regulations 2001.

### Creditors' committee approval

If there is a creditors' committee, members are chosen by a vote of creditors as a whole. In approving the fees, the members represent the interests of all the creditors, not just their own individual interests.

There is not a creditors' committee in every external administration. A creditors' committee makes its decision by a majority in number of its members present at a meeting, but it can only act if a majority of its members attend.

To find out more about creditors' committees and how they are formed, see ASIC's information sheets INFO 45 *Liquidation: a guide for creditors*, INFO 74 *Voluntary administration: a guide for creditors* and INFO 41 *Insolvency: a glossary of terms*.

### Creditors' approval

Creditors approve fees by passing a resolution at a creditors' meeting. Unless creditors call for a poll, the resolution is passed if a simple majority of creditors present and voting, in person or by proxy,

indicate that they agree to the resolution. Unlike where acting as committee members, creditors may vote according to their individual interests.

If a poll is taken, rather than a vote being decided on the voices or by a show of hands, a majority in *number* and *value* of creditors present and voting must agree. A poll requires the votes of each creditor to be recorded.

A separate resolution of creditors is required for approving fees for an administrator in a voluntary administration and an administrator of a deed of company arrangement, even if the administrator is the same person in both administrations.

A proxy is where a creditor appoints someone else to represent them at a creditors' meeting and to vote on their behalf. A proxy can be either a *general proxy* or a *special proxy*. A general proxy allows the person holding the proxy to vote as they wish on a resolution, while a special proxy directs the proxy holder to vote in a particular way.

A creditor will sometimes appoint the external administrator as a proxy to vote on the creditor's behalf. An external administrator, their partners or staff must not use a general proxy to vote on approval of their fees; they must hold a special proxy in order to do this. They must vote all special proxies as directed, even those against approval of their fees.

## Calculation of fees

Fees may be calculated using one of a number of different methods, such as:

- on the basis of *time spent* by the external administrator and their staff
- a quoted *fixed fee*, based on an upfront estimate, or
- a percentage of asset realisations.

Charging on a time basis is the most common method. External administrators have a scale of hourly rates, with different rates for each category of staff working on the external administration, including the external administrator.

If the external administrator intends to charge on a time basis, you should receive a copy of these hourly rates soon after their appointment and before you are asked to approve the fees.

The external administrator and their staff will record the time taken for the various tasks involved, and a record will be kept of the nature of the work performed.

It is important to note that the hourly rates do not represent an hourly wage for the external administrator and their staff. The external administrator is running a business—an insolvency practice—and the hourly rates will be based on the cost of running the business, including overheads such as rent for business premises, utilities, wages and superannuation for staff who are not charged out at an hourly rate (such as personal assistants), information technology support, office equipment and supplies, insurances, taxes, and a profit.

External administrators are professionals who are required to have qualifications and experience, be independent and maintain up-to-date skills. Many of the costs of running an insolvency practice are fixed costs that must be paid, even if there are insufficient assets available to pay the external administrator for their services. External administrators compete for work and their rates should reflect this.

These are all matters that committee members or creditors should be aware of when considering the fees presented. However, regardless of these matters, creditors have a right to question the external administrator about the fees and whether the rates are negotiable.

It is up to the external administrator to justify why the method chosen for calculating fees is an appropriate method for the particular external administration. As a creditor, you also have a right to question the external administrator about the calculation method used and how the calculation was made.

## Report on proposed fees

When seeking approval of fees, the external administrator must send committee members/creditors a report with the notice of meeting setting out:

- information that will enable the committee members/creditors to make an informed assessment of whether the proposed fees are reasonable
- a summary description of the major tasks performed, or to be performed, and
- the costs associated with each of these tasks.

Committee members/creditors may be asked to approve fees for work already performed or based on an estimate of work yet to be carried out.

If the work is yet to be carried out, it is advisable to set a maximum limit ('cap') on the amount that the external administrator may receive. For example, future fees calculated according to time spent may be approved on the basis of the number of hours worked at the rates charged (as set out in the provided rate scale) up to a cap of \$X. If the work involved then exceeds this figure, the external administrator will have to ask the creditors' committee/creditors to approve a further amount of fees, after accounting for the fees already incurred.

## Deciding if fees are reasonable

If asked to approve an amount of fees either as a committee member or by resolution at a creditors' meeting, your task is to decide if that amount of fees is reasonable, given the work carried out in the external administration and the results of that work.

You may find the following information from the external administrator useful in deciding if the fees claimed are reasonable:

- the method used to calculate fees
- the major tasks that have been performed, or are likely to be performed, for the fees
- the fees/estimated fees (as applicable) for each of the major tasks
- the size and complexity (or otherwise) of the external administration
- the amount of fees (if any) that have previously been approved
- if the fees are calculated, in whole or in part, on a time basis:
  - the period over which the work was, or is likely to be performed
  - if the fees are for work that has already been carried out, the time spent by each level of staff on each of the major tasks
  - if the fees are for work that is yet to be carried out, whether the fees are capped.

If you need more information about fees than is provided in the external administrator's report, you should let them know before the meeting at which fees will be voted on.

## What can you do if you think the fees are not reasonable?

If you do not think the fees being claimed are reasonable, you should raise your concerns with the external administrator. It is your decision whether to vote in favour of, or against, a resolution to approve fees.

Generally, if fees are approved by a creditors' committee/creditors and you wish to challenge this decision, you may apply to the court and ask the court to review the fees. Special rules apply to court liquidations.

You may wish to seek your own legal advice if you are considering applying for a court review of the fees.

## Reimbursement of out-of-pocket costs

An external administrator should be very careful incurring costs that must be paid from the external administration—as careful as if they were dealing with their own money. Their report on fees should also include information on the out-of-pocket costs of the external administration.

If you have questions about any of these costs, you should ask the external administrator and, if necessary, bring it up at a creditors' committee/creditors' meeting. If you are still concerned, you have the right to ask the court to review the costs.

## Queries and complaints

You should first raise any queries or complaints with the external administrator. If this fails to resolve your concerns, including any concerns about their conduct, you can lodge a complaint with ASIC at [www.asic.gov.au/complain](http://www.asic.gov.au/complain), or write to:

ASIC Complaints  
PO Box 9149  
TRARALGON VIC 3844

ASIC will usually not become involved in matters of commercial judgement by an external administrator. Complaints against companies and their officers can also be made to ASIC. For other enquiries, email ASIC through [infoline@asic.gov.au](mailto:infoline@asic.gov.au), or call ASIC's Infoline on 1300 300 630 for the cost of a local call.

## To find out more

For an explanation of terms used in this information sheet, see ASIC's information sheet INFO 41 *Insolvency: a glossary of terms*. For more on external administration, see ASIC's related information sheets at [www.asic.gov.au/insolvencyinfosheets](http://www.asic.gov.au/insolvencyinfosheets):

- INFO 74 *Voluntary administration: a guide for creditors*
- INFO 75 *Voluntary administration: a guide for employees*
- 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 43 *Insolvency: a guide for shareholders*
- INFO 42 *Insolvency: a guide for directors*
- INFO 84 *Independence of external administrators: a guide for creditors*

These are also available from the Insolvency Practitioners Association (IPA) website at [www.ipaa.com.au](http://www.ipaa.com.au). The IPA website also contains the IPA's Code of Professional Practice for Insolvency Professionals, which applies to IPA members.