



**EDDIE
SENATORE**

EDDIE SENATORE
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13 November 2019

To the creditor as addressed

Dear Sir or Dear Madam

RE: CAAAMS Pty Ltd (Administrator Appointed) Formerly Trading As South Coast Hospitality NSW ACN 607 497 012 (“ the Company”)

As previously advised, I was appointed Administrator of the Company on 16 October 2018 pursuant to Section 436A of the Corporations Act 2001.

Please find enclosed;

1. Notice of meeting of creditors to be held on **20 November 2019 at 10:00 AM at the offices of Chartered Accountants Australia and New Zealand, Level 10, 60 Marcus Clarke Street, Canberra ACT 2601**
2. Administrator's report providing a report on the Company's business, property, affairs and financial circumstances, the report contains a statement setting out my opinion about each of the following matters and my reasons for those opinions:
 - a. Whether it would be in the creditors' interests for the Company to execute a Deed of Company Arrangement.
 - b. Whether it would be in the creditors' interests for the Company to be wound up.
 - c. Whether it would be in the creditors' interests for the administration to end.
3. Remuneration Report.
4. Informal Proof of Debt Form for voting purposes. Any Informal Proof of Debt Forms submitted for the purposes of the first meeting of creditors and accepted by the Chairperson of that meeting for voting purposes will be valid for this meeting.
5. Instrument of Proxy.

Should you have any questions in relation to this matter, please contact myself.

Yours faithfully

Ezio Senatore
Administrator

Appointment date: 16 October 2019
Contact name: Ezio (Eddie) Senatore
Contact number: (02) 6100 3435
Email: hello@eddiesenatore.com

CORPORATIONS ACT 2001
Section 439A

Insolvency Practice Rules (Corporations)
75-10, 75-15 & 75-225

NOTICE OF MEETING OF CREDITORS

**CAAAMS Pty Ltd (Administrator Appointed)
Formerly Trading As South Coast Hospitality NSW
ACN 607 497 012 (the "Company")**

On 16 October 2019 the Company under section 436A of the Corporations Act 2001 appointed Ezio Senatore of Eddie Senatore Advisory as the administrator of the Company.

The Company traded under the following name(s)

- South Coast Hospitality NSW
- A & L Agencies South Coast

Notice is given that a meeting of the creditors of the Company will be held at the offices of **Chartered Accountants Australia and New Zealand, Level 10, 60 Marcus Clarke Street Canberra ACT 2601 on Wednesday, 20 November 2019 at 10:00am.**

A G E N D A

1. To receive a Report about the company's business, property, affairs and financial circumstances.
2. To receive a statement to creditors by one of the directors, explaining the circumstances leading up to the Administration.
3. To receive the report of the Administrator.
4. Questions from creditors.
5. For creditors to resolve:
 - a. that the company execute a Deed of Company Arrangement; or
 - b. that the administration should end; or
 - c. that the company be wound up.
6. To fix the remuneration of the Administrator.
7. If the company is to execute a Deed of Company Arrangement to fix the remuneration of the Deed Administrator.
8. If the company is wound up, to consider appointing a Committee of Inspection.
9. If no Committee is appointed, to fix the remuneration of the Liquidator.
10. If no Committee is appointed, to consider the destruction of the books and records at the conclusion of the winding up.
11. Any other business that may be lawfully brought forward.

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 for voting purposes (copy attached):** They have lodged with the Administrator particulars of the debt or claim in accordance with IPR 75-85 and the claim has been admitted, wholly or in part, for voting purposes by the Administrator. If a proof of debt for voting purposes has already been lodged, they do not need to do so again. Refer to Note 1 for further guidance on entitlement to vote.
- **Proxies (copy attached) 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 pursuant to IPR 75-150 & 75-155 and if a body corporate by a representative appointed pursuant to Section 250D of the Corporations Act 2001 ("the Act"), must be validly completed and provided to the Administrator at or before the meeting.

To enable sufficient time to review, proofs of debt and proxies (or document authorising the representation) they should be submitted to Ezio (Eddie) Senatore on hello@eddiesenatore.com or PO Box 3481, Manuka ACT 2603 by no later than 5:00pm, Tuesday 19 November 2019. 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 telephone conference call. To access those facilities, you need to provide a statement by email to Ezio (Eddie) Senatore on hello@eddiesenatore.com, not later than 2 business days before the meeting which sets out:

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

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 hello@eddiesenatore.com or (02) 6100 3435.

Dated this 13th day of November 2019.



Ezio Senatore
Administrator

Eddie Senatore Advisory
PO Box 3481
Manuka ACT 2603

Telephone: (03) 9024 6244



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**CAAAMS Pty Ltd
(Administrator Appointed)
Formerly Trading As South Coast Hospitality NSW
ACN 607 497 012
("Company")**

Report by Administrator
Pursuant to Rule 75-225(3)
Insolvency Practice Rules (Corporations) 2016

13 November 2019

Ezio (Eddie) Senatore
Administrator

EXIT OPTIMISATION | TURNAROUND | PERFORMANCE IMPROVEMENT | DIGITAL



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APPENDIX

- A. Declaration of Independence, Relevant Relationships and Indemnities
- B. “Draft” Summary of Estimated Returns



Statement by Administrator

In reviewing this report, creditors should note the following:

- The statements and opinions contained in this report are based on good faith and on the belief that such statements and opinions are not false and misleading.
- This report has been prepared based on the Administrator's preliminary investigations to date. Any further material information identified after the issuing of this report may result in a further report or alternatively such additional information will be brought to the creditors' attention at the forthcoming meeting.
- In considering the options available to creditors and formulating an opinion and recommendation, the Administrator has relied upon forecasts in relation to asset realisations and total claims by creditors based on the best assessment of these amounts as at the date of this report. These forecasts and estimates may change in the future once the asset realisations progress (if any) and any further/revised creditor claims are received. Consequently, the outcome for creditors might differ from the information provided in this report.
- The statements and opinions contained in this report are based on the information including but not limited to statements/information provided by the director, statements/information provided by various third parties and financial statements of the Company. The Administrator reserves the right to alter any conclusions reached in this report based on information which may be provided after the issuing of this report or information that may be found as being incorrect after the issuing of this report.
- Creditors should seek their own independent legal advice as to their rights and the options available to them at the forthcoming meeting of creditors.



1 Executive summary

1.1 Appointment

I, Ezio Senatore of Eddie Senatore Advisory, Registered Liquidator, Unit 2, 16 Bougainville Street, Griffith ACT 2603, was appointed as the administrator (“**Administrator**”) of the Company on 16 October 2019 pursuant to the provisions of the *Corporations Act 2001* (“**Act**”).

I hereby submit the following report and opinions as required by Rule 75-225(3) of *Insolvency Practice Rules (Corporations) 2016* and the provisions of the *Corporations Act 2001* (“**Act**”).

1.2 Purpose of report

The purpose of this report is to table the findings of my investigations into the Company’s business, property, affairs and financial circumstances, as well as my opinion on the options available to the creditors of the Company.

1.3 Administrator’s recommendation

At the forthcoming meeting of the creditors of the Company, creditors will be asked to resolve on one of the following three courses of action available to creditors pursuant to the Act:

- The Company execute a Deed of Company Arrangement (“**DOCA**”);
- The administration of the Company should end; and
- The Company be wound up.

There has been no formal proposal put forward by the director in respect of a DOCA. Accordingly, I recommend that creditors only consider a resolution that the Company be placed into liquidation and its affairs be wound up.

I draw the attention of creditors to sections 13 and 15 of this report that outline the details of my recommendation and the reasons for my opinion.

2 Basis of Administrator’s report

This report has been prepared primarily from information obtained from the Company’s books and records.

Although I have conducted the relevant investigations in relation to the Company and its officers, there may be matters of which I may be unaware as the financial records of the Company have not been audited.

In completing this report, I have utilised information obtained from the following sources:

- Australian Securities and Investments Commission;
- Personal Property and Securities Register;



- Company's books and records including internally prepared financial statements (MYOB), bank statements and other financial records;
- Externally prepared financial statements;
- Discussions with the director of the Company;
- Discussions/information received from the secured and unsecured creditors; and
- Other public databases including Transport Roads And Maritime Services and Land Titles Register.

3 Administrator's prior involvement

In my circular to creditors dated 18 October 2019, I provided a formal Declaration of my Independence, Relevant Relationships and Indemnities ("DIRRI").

I advise that there has been no change to the information contained in my DIRRI and the information is accurate as at the date of this report.

For completeness, I attach a copy of my DIRRI (**Appendix "A"**), as previously forwarded to all known creditors of the Company.

4 Outstanding winding up application

As at the date of my appointment as Administrator of the Company there was no winding up applications before the Courts.

5 Trading

The Company ceased to trade on 8 October 2019 as the business of the Company was sold as a going concern to an unrelated entity prior to my appointment.

6 Sale of business/assets

As mentioned above, the business of the Company was sold prior to my appointment to an unrelated entity, which included all stock, motor vehicles, office equipment, plant & equipment, and goodwill of the Company.

As detailed in section 12.1.3 of this report, I have deemed the sale of business to be a commercial transaction.

7 Statutory information

7.1 Incorporation date

The Company was incorporated in New South Wales on 6 August 2015.



7.2 Registered office

According to the Australian Securities and Investments Commission (“ASIC”) database, the registered office of the Company is as follows:

Juggernaut Advisory Suite 6, 15 Boree Street, Ulladulla NSW 2539.

7.3 Nature and principal location of business

The business of the Company was wholesale trading of hospitality goods to restaurants, cafes and caterers.

The Company’s principal place of business as per the ASIC database is as follows:

187 Camden Street, Ulladulla NSW 2539.

The director advised that he transferred the lease of the premises to an unrelated party prior to appointment.

7.4 Officers and shareholders

As at the date of my appointment the ASIC search results disclosed the following Company officers and shareholders:

Company Officers

Name	Position	Date Appointed	Date Ceased
David Robert Muffet	Director/Secretary	6 August 2015	Current

Name	Position	Date Appointed	Date Ceased
Francis Joseph Vella	Director	6 August 2015	28 June 2018

Company Shareholders

Name	No of Shares	Paid on Shares	Type	Fully Paid (Y/N)
Francis Joseph Vella	1	\$1	ORD	Y
David Robert Muffet	1	\$1	ORD	Y

7.5 Personal Property Securities Register (“PPSR”) registrations

As at the date of my appointment the ASIC search results discloses the following PPS registrations in the name of the Company:



Registration Number	Start Date	Secured Party	Type of Security	Estimated Outstanding Amount
201509010084232	1-09-2015	Australia And New Zealand Banking Group Limited	All PAP	\$121,129.44
201509150065562	15-09-2015	Sancell Pty Ltd	Other Goods	Unknown
201706070057150	7/06/2017	Volkswagen Financial Services Australia Pty Ltd	Motor Vehicle	Loan finalised 8 October 2019
201708170040269	17/08/2017	Nilfisk-Advance Pty Ltd	Other Goods	Unknown
201708170040276	17/08/2017	Nilfisk-Advance Pty Ltd	Other Goods	Unknown
201709220052670	22/09/2017	Nisbets Australia Pty Limited	Other Goods	\$2,670.83
201710200110457	20/10/2017	Spectrum Brands Australia Pty Ltd	Other Goods	Discharged
201810290045174	29/10/2018	Skope Industries Ltd	Other Goods	Discharged
201812190084375	19/12/2018	Solaris Paper Pty Ltd	Other Goods	Unknown
201902040021797	04/02/2019	Westpac Banking Corporation	Motor Vehicle	Unknown

Australia And New Zealand Banking Group Limited

Correspondence was sent to the Australian And New Zealand Banking Group Limited ("ANZ") as at the date of my appointment advising of my appointment as Administrator of the Company and requesting further details in relation to their security interest.

The ANZ responded providing a proof of debt advising that it related to loan account and a credit card, details of which are below;

Detail	Amount \$
Loan	111,154.04
Credit Card	9,975.40
Total	121,129.44

Details relating to the security agreement are yet to be provided.

Sancell Pty Ltd

Correspondence was sent to Sancel Pty Ltd ("Sancel") as at the date of my appointment advising of my appointment as Administrator of the Company and requesting further details in relation to their security interest.

To date I have received no response.



Volkswagen Financial Services Australia Pty Ltd

Correspondence was sent to Volkswagen Financial Services Australia Pty Ltd ("Volkswagen") as at the date of my appointment advising of my appointment as Administrator of the Company and requesting further details in relation to their security interest.

Volkswagen responded advising that the loan had been paid out in full on 8 October 2019.

The director advised that the security interest related to a motor vehicle, being a 2017 Volkswagen Crafter 35 400 LWB TD.

This motor vehicle was included as part of the sale of business which occurred prior to my appointment and the funds used to payout the motor vehicle, were paid directly by the purchaser.

I have subsequently deemed the sale of business to be a commercial sale of business, refer to Section 12.1.13 of this report for further information in relation to the commerciality of the sale of business.

Nilfisk-Advance Pty Ltd

Correspondence was sent to Nilfisk-Advance Pty Ltd ("Nilfisk") as at the date of my appointment, advising of my appointment as Administrator of the Company and requesting further details in relation to their security interest.

To date no response has been received.

Nisbets Australia Pty Limited

Correspondence was sent to Nisbets Australia Pty Limited ("Nisbets") as at the date of my appointment, advising of my appointment as Administrator of the Company and requesting further details in relation to their security interest.

To date no response has been received.

The director advised as at the date of appointment \$2,670.83 was owed to Nisbets.

Spectrum Brands Australia Pty Ltd

Correspondence was sent to Spectrum Brands Australia Pty Ltd ("Spectrum") as at the date of my appointment, advising of my appointment as Administrator of the Company and requesting further details in relation to their security interest.

Spectrum subsequently responded advising that their security interest had been discharged and provided a discharge registration verification statement to confirm the discharge.



Skope Industries Ltd

Correspondence was sent to Skope Industries Ltd ("Skope") as at the date of my appointment advising, of my appointment as Administrator of the Company and requesting further details in relation to their security interest.

Skope subsequently responded advising that their security interest had been discharged and provided a discharge registration verification statement to confirm the discharge.

Solaris Paper Pty Ltd

Correspondence was sent to Solaris Paper Pty Ltd ("Solaris") as at the date of my appointment, advising of my appointment as Administrator of the Company and requesting further details in relation to their security interest.

To date no response has been received.

Westpac Banking Corporation

Correspondence was sent to Westpac Banking Corporation ("Westpac") as at the date of my appointment, advising of my appointment as Administrator of the Company and requesting further details in relation to their security interest.

To date no response has been received.

The director advised that this security interest related to a motor vehicle, being a 2012 Holden Commodore Thunder SS Ute.

A review of the sale of business, which occurred prior to my appointment, indicates that this motor vehicle was included as part of the sale of business.

The director has advised that this motor vehicle has been paid out in full by the purchaser.

I am waiting for confirmation from Westpac to confirm this.

Pending the confirmation of the motor vehicle being paid out by the purchaser, I have deemed the sale of business to be a commercial sale of business. Refer to Section 12.1.13 of this report for further information in relation to the commerciality of the sale of business.

7.6 Changes in the prior 12 months to shareholders, officers and registered security interests

In the 12 months prior to my appointment as Administrator, there were no changes to the Company's shareholders or officers.

However a newly created security interest with the Westpac was created on 4 February 2019. As detailed above, I have written to Westpac to request details of in relation to their security interest, however to date I am yet to receive a response.



8 Background

8.1 History of the Company and circumstances leading to the appointment of the Administrator

The business of the Company was the wholesale trade of hospitality goods to restaurants, cafes and caterers.

The business of the Company was purchased in or around 6 August 2015 from an unrelated entity.

A review of the financial statements indicates that the Company traded profitably in its first 2 years of trading, however started to experience cash flow issues in FYE 2018.

The failure of the business of the Company, as advised by the director was due to an increase in competition, resulting in a loss of the customer base, resulting in the business becoming unprofitable.

This was coupled with a director dispute, resulting in one of the director's of the Company resigning on 28 June 2018, leaving the current director to manage the business of the Company by himself.

The appointment was referred to me by Ms Shelly Thomson, a health professional consultant.

On 12 April 2019, I received a call from Ms Thomson in relation to her client's business that was experiencing financial difficulty. Ms Thomson advised that she would be passing on my contact details to her client in order to contact me.

Later that day I received an email from Mr David Muffet, director of the Company, advising that he received my contact details from Ms Thomson and provided broad details of the Company's financial position and that he would contact myself in event he wanted to place the Company into external administration.

On 12 August 2019, I received an email from Mr Muffet advising that he was now in a position to place the Company into external administration. I conducted an ASIC company search and sent a pre-appointment director questionnaire to Mr Muffet which Mr Muffet completed and subsequently returned to me via email on 14 August 2019.

During 15 August 2019 to 30 August 2019 and 11 September 2019 and 30 September 2019, I received numerous emails and telephone calls from Mr Muffet. The emails and discussion were in relation to the financial position of the Company, gaining an understanding in relation to the background of the Company in order to determine the best type of appointment and advising the director the various options available to the Company and the nature and consequences of insolvency appointments.

Due to a director dispute, it was determined a voluntary administration would be the most appropriate course of action.



On 23 August 2019 I was involved in a telephone conversation between Mr Muffet and a creditor, wherein Mr Muffet discussed the possible sale of the business to the creditor. I excused myself from this telephone conversation on the basis that any involvement in these discussions might impact on my independence.

On 8 October 2019, I received an email from Mr Muffet advising that the business of the Company had been sold to a sole trader and that he was now in a position to execute the appointment documents.

Appointment documents were forwarded to Mr Muffet and subsequently returned, with myself being appointed administrator of the Company on the 16 October 2019.

8.2 Reasons for the failure of the Company

According to the director of the Company, the reasons for the failure of the Company which culminated in the appointment of Administrator were as follows:

- Poor economic conditions;

The director stated that the failure of the Company was due to poor economic conditions being an increase in competition, with bigger wholesale providers under cutting prices leading to a reduction in the businesses customer base, as the industry was dominated by price sensitive customers.

My preliminary investigations into the affairs of the Company indicate that the Company's insolvency may be attributed to:

(i) **Under capitalisation**

My review of the Company's affairs provides evidence and confirms that the Company was under capitalised.

The ASIC company search indicates that the total shares issued were in the value of \$2.00, which indicates that the Company had insufficient funds to support its working capital requirements.

(ii) **Poor management of accounts receivable**

My review of the Company's affairs provides evidence that the Company had poor management of accounts receivable.

As at the date of appointment the financial statements, indicated that the Company had \$96,551.22 receivable in trade debtors.

However a review of the debtors ledger and discussion with the director indicated that only \$9,868.43 was receivable, of which only \$1,670.61 was likely to be collected.



Further to that from FYE 2017 to FYE 2018, the bad debt expense multiplied by 8 fold.

Indicating that the Company had poor debt collection procedures in place or were not conducting proper credit checks on customers that were provided with credit.

(iii) Poor financial control including lack of records

My review of the Company's affairs indicates that there was poor financial control of the Company.

The director has failed to provide complete and adequate books and records of the Company.

As at the date of my appointment, the director provided a copy of the Company's MYOB, however a review of the Company's MYOB and discussions with the director indicated that the Company's financial statements had been incorrectly prepared post 30 June 2019.

This would indicate the director was unable to review the financial position of the Company on a daily basis to assess the Company's current financial position.

(iv) Poor strategic management

My review of the Company's affairs indicates that there was poor strategic management of the Company.

The Company had taken large long term loans with secured creditors, but did not have sufficient assets in which to secure said loans, resulting in shortfalls and leading to the failure of the business.

8.3 First meeting of creditors

A first meeting of creditors of the Company was held at the offices of Chartered Accountants Australia and New Zealand, Level 10, 60 Marcus Clarke Street, Canberra ACT 2601.

At the first meeting of creditors, my appointment as the Administrator was ratified by the creditors of the Company and a committee of inspection was not formed.

At that meeting, creditors were advised that a Report on Company Activities and Property ("ROCAP") had been prepared by Mr Muffet outlining the Company's business, property, activities and financial circumstances including assets and liabilities.

Mr Muffet was present at the meeting via telephone.

8.4 Books and records

Section 286 of the Act provides that a Company must keep written financial records that:



- (a) *correctly record and explain its transactions and financial position and performance; and*
- (b) *would enable true and fair financial statements to be prepared and audited.*

To date I have been provided and reviewed *inter alia* the following books and records of the Company:

- Externally prepared financial statement for FYE 2017 and FYE 2018;
- Internally prepared MYOB management accounts inclusive of general ledger and bank register for the period FYE 2017, FYE 2018 and FYE 2019;
- Sale of business contract; and
- Bank statements.

In my opinion, my preliminary investigations based on the books and records received and examined by me to date, indicate that the Company's books and records have **not** been maintained in accordance with Section 286 of the Act.

This is because, only the FYE 2018 externally prepared financial statements were provided and the internally prepared financial statements post FYE 2019 have incorrect and incomplete transactions and do not reflect the actual financial position of the Company.

Should the Company be placed into liquidation at the forthcoming meeting of creditors, part of the liquidator's investigations into the Company's affairs will be to further examine in more detail whether the Company complied with Section 286 of the Act.

9 Financial statements

Summarised below are the Company's internally prepared financial statements for the period ending 16 October 2019 and FYE 2019 and the Company's externally prepared financial statements for FYE 2018 and FYE 2017.

I note that none of the accounts for the above stated periods have been audited.

I also note that the financial statements of the Company were prepared on an accrual basis.

I also draw the attention of creditors that the accounts below are in summary form only and intended only for discussion purposes at the forthcoming meeting of creditors along with providing general information for the purposes of this report including my investigations in relation to *inter alia* insolvent trading.

Accordingly, I make no representation nor do I provide any warranty as to the accuracy of the financial information summarised below.



9.1 Comparative balance sheets and preliminary analysis

	Externally Prepared FYE 2016-17	Externally Prepared FYE 2017-18	Internally Prepared FYE 2018-19	Internally Prepared 16/10/2019
Assets				
Current Assets				
Bank Account Main ANZ	\$20,406.00	\$28,021.00	\$23,561.30	\$129,985.26
ANZ "BAS" Account 76031	\$55,542.00	\$5,704.00	\$3,560.57	\$3,560.57
Blessing of the Fleet 45919	-	\$7.00	\$2,753.48	\$2,753.48
Cash on Hand	(253.00)	\$1,002.00	-	-
Income Tax Receivable	-	\$8,301.00	-	-
Cash Drawer (Cash Tin)	-	-	(\$10.00)	(\$10.00)
Cash Account Clearing Account	-	-	\$17,077.16	\$17,077.16
Un-deposited Funds	-	-	\$12,329.29	\$17,261.44
Suspense	-	-	(\$116.33)	(\$116.33)
Unidentified Deposits	-	-	(\$82.73)	(\$82.73)
Trade Debtors	\$107,162.00	\$166,486.00	\$50,891.31	\$96,551.22
Merchandise Inventory	\$209,891.00	\$275,880.00	\$183,424.89	\$107,981.18
Deposits Paid	-	-	(\$67.77)	\$5.38
Total-Current Assets	<u>\$392,748.00</u>	<u>\$485,401.00</u>	<u>\$293,321.17</u>	<u>\$374,966.63</u>
Non-Current Assets				
Borrowing Costs	\$1,884.00	\$1,332.00	-	-
General Pool	\$74,208.00	\$56,377.00	-	-
Software Development Pool	-	\$19,880.00	-	-
Borrowing Expenses Capitalised	-	-	\$1,883.76	\$1,883.76
Lease Improvement at Cost	-	-	\$1,632.73	\$1,632.73
Office Equipment at Cost	-	-	\$1,499.00	\$1,499.00
Warehouse Equipment at Cost	-	-	\$550.91	\$550.91
Business Purchase Fluid Extension	-	-	\$4,357.72	\$4,357.72
Motor Vehicles at Cost	-	-	(\$21,363.64)	(\$21,363.64)
Small Business Asset Pool	-	-	\$74,207.82	\$74,207.82
Goodwill On Acquisition	\$160,350.00	\$160,350.00	\$160,350.00	\$160,350.00
Total Non-Current Assets	<u>\$234,442.00</u>	<u>\$237,939.00</u>	<u>\$223,118.30</u>	<u>\$223,118.30</u>
Total Assets	<u>\$629,190.00</u>	<u>\$723,340.00</u>	<u>\$516,439.47</u>	<u>\$598,084.93</u>
Liabilities				
Current Liabilities				
Credit Card VISA ANZ	-	\$8,638.00	\$9,696.47	\$9,696.47



	Externally Prepared FYE 2016-17	Externally Prepared FYE 2017-18	Internally Prepared FYE 2018-19	Internally Prepared 16/10/2019
Trade Creditors	\$75,005.00	\$200,667.00	\$203,311.18	\$191,474.16
GST Collectable	-	-	\$34,315.42	\$45,382.07
GST Paid	-	-	(\$44,024.45)	(\$45,344.19)
GST	\$1,499.00	(\$232.00)	-	-
GST Payable - Per ATO	-	-	(\$13,761.66)	(\$13,761.66)
Integrated Client Account - ATO	-	\$33,675.00	-	-
PAYG Withholding Payable	\$6,211.00	\$4,932.00	\$9,787.88	\$14,776.88
Superannuation Payable	\$5,512.00	\$5,442.00	\$3,793.10	\$6,479.32
Taxation	\$25,572.00	\$22,629.00	-	-
Income Tax Payable	-	-	\$11,700.07	\$11,700.07
Customer Deposits	-	-	(\$205.93)	(\$39.93)
AP Accrual - Inventory	-	-	-	-
Total Current Liability	\$113,799.00	\$279,751.00	\$214,612.08	\$220,367.19
Non-Current Liabilities				
Bank Loan Business ANZ	\$184,139.00	\$153,320.00	\$122,248.23	\$122,248.23
VW Finance Loan	\$54,215.00	\$40,543.00	\$54,215.33	\$54,215.33
Less Un-expensed Charges	(\$6,515.00)	(\$4,887.00)	(\$6,515.33)	(\$6,515.33)
VW Finance Loan 2	-	-	(\$27,343.68)	(\$27,343.68)
Child Support	-	-	\$65.49	\$65.49
Loan - St George Holden Ute	-	-	(\$2,818.25)	(\$2,818.25)
Loan - David Muffet	\$163,038.00	\$152,288.00	\$147,238.13	\$147,238.13
Loan - Frank Vella	\$28,636.00	\$18,168.00	\$18,168.17	\$18,168.17
Total Non-Current Liabilities	\$423,513.00	\$359,432.00	\$305,258.09	\$305,258.09
Total Liabilities	\$537,312.00	\$635,183.00	\$519,870.17	\$525,621.28
Net Assets/(Deficiency)	\$91,878.00	\$88,157.00	(\$3,430.70)	\$72,459.65

Source: Company's externally prepared financial statements and internally prepared MYOB financial statements.

Based on my preliminary investigations and review of the Company's balance sheets, I make the following comments:

The internally prepared balance sheet of the Company for the period ending 16 October 2019 includes an amount of \$129,985.26 and 3,560.57 as cash at bank.

The director of the Company has confirmed these figures are incorrect.

A review of the bank statements as at the date of appointment indicates that the balance of these bank accounts as at the date of appointment was \$2.19 and \$4.33.



A total of \$61,840.00 was remitted to the Administrator from the Company's bank account by the director as at the date of appointment.

The Company's balance sheet had \$96,551.22 receivable from trade debtors.

A review of the Company's internally prepared aged receivables ledger as at the date of appointment indicates that \$83,397.31 is uncollectable, as it relates to cash sales that were recorded as debtors of the Company.

The director advised that of the \$96,551.22 in debtors, only \$9,868.43 were receivable, of which \$1,670.61 was likely recoverable.

The internally prepared balance sheet as at the date of appointment stated that there was an amount of \$2,753.48 receivable relating to Star of the Fleet. The director advised that this was for funds collected to be given to a charity. The director advised that as at the date of appointment, this account had a balance of \$16.00.

Below is a summary of the net working capital of the Company:

	Externally Prepared FYE 30/06/2017	Externally Prepared FYE 30/06/2018	Internally Prepared FYE 30/06/2019	Internally Prepared FYE 16/10/2019
Net working capital	\$278,949.00	\$209,651.00	\$78,709.09	\$154,599.44

Based on the above summarised net capital calculations it appears that the Company's internally prepared financial statements had net working capital surpluses from 30 June 2017 to 16 October 2019, however as mentioned previously, the Company's internally prepared financials for the period ending 16 October 2019 were incorrectly prepared and do not reflect the true financial position of the Company.



9.2 Comparative profit & loss statements and preliminary analysis

	Externally Prepared FYE 2016-17	Externally Prepared FYE 2017-18	Internally Prepared FYE 2018-19	Internally Prepared 16/10/2019
Income				
Sale of Goods	\$1,440,000.00	\$1,775,571.00	\$1,599,613.80	\$146,947.68
Total Income	\$1,440,000.00	\$1,775,571.00	\$1,599,613.80	\$146,947.68
Cost of Sales				
Product Purchases	\$1,012,710.00	\$1,235,591.00	\$1,104,964.52	\$20,883.46
Returns	-	-	(\$4,221.46)	-
Freight/Stock Delivery Expenses	-	-	\$16,327.97	-
Gross Profit	\$427,290.00	\$539,980.00	\$482,542.77	\$126,064.22
Less: Operating Expenses				
General & Administrative	\$63,016.00	\$121,445.00	\$75,466.91	(\$615.30)
Advertising & Promotion	\$2,039.00	\$16,834.00	\$2,250.00	-
Operating Expenses	\$32,482.00	\$38,358.00	\$33,364.07	-
Employment Expenses	\$203,825.00	\$327,543.00	\$334,364.71	\$31,203.66
Occupancy Expenses	\$22,834.00	\$24,265.00	\$22,373.71	-
Total Expenses	\$324,196.00	\$528,455.00	\$467,819.40	\$31,483.66
Operating Profit/Loss	\$103,094.00	\$11,525.00	\$14,723.37	\$94,580.56
Plus Other Income	\$2,895.00	\$562.00	\$0.90	-
Less Other Expenses	\$15,782.00	\$15,107.00	\$9,961.21	-
Net Profit / (Loss) Before Tax	\$90,207.00	(\$3,020.00)	\$4,763.06	\$94,580.56
Net Profit / (Loss) After Tax	\$64,635.00	(\$3,722.00)	\$4,763.06	\$94,580.56

Source: Company's externally prepared financial statements and internally prepared MYOB financial statements.

Based on my preliminary investigations and review of the Company's profit & loss statements for both the internally prepared financial statements and externally prepared financial statements, I make the following comments:

- The profit & loss statements of the Company as per the internally prepared and externally prepared financial statements indicate that the Company only made a profit in the FYE 2017, however for subsequent years the Company made minimal to no profit, with the exception of the period ending 16 October 2019, however as stated previously, this is due to the financial statements not being accurately prepared as at the date of appointment.
- The losses appear to be due to increases in General & Administration expenses and Employment expenses.
- During FYE 2017 to FYE 2018, General & Administration expenses almost doubled. This was due to accounting costs tripling, sponsorship expenses being incurred, printing and stationary costs tripling and bad debt expenses increasing 8 fold.



- During FYE 2017 to FYE 2018 employment expenses, being wages and superannuation almost doubled.
- During this time, the gross margins remained exactly the same from FYE 2017 to FYE 2018 as per the externally prepared financial statements and FYE 2019 as per the internally prepared financial statements.
- Gross profit margin is the measure of a company's financial health based on the proportion of cash or cash equivalents left over from revenues after accounting for operating costs.

A gross profit margin of 0.50 indicates that for each 1 dollar of revenue the company is left with 50 cents after paying for operating costs.

Summarised below is the Company's gross profit margin ratio:

	Externally Prepared FYE 30/06/2017	Externally Prepared FYE 30/06/2018	Internally Prepared FYE 30/06/2019	Internally Prepared 16/10/2019
Gross profit margin	0.30	0.30	0.30	0.86

During the financial years ending 2017 and 2018 as per the Company's externally prepared financial statements and for financial year ending 2019 as per the Company's internally prepared financial statements, the Company had the same gross profit margin ratio, however the gross profit ratio increased for the period ending 16 October 2019, however as stated previously, this is due to the books and records of the Company being incorrectly prepared for that period

Summarised below is the Company's operating profit margin ratio:

	Externally Prepared FYE 30/06/2017	Externally Prepared FYE 30/06/2018	Internally Prepared FYE 30/06/2019	Internally Prepared 16/10/2019
Operating expense ratio	0.23	0.30	0.29	0.21

Based on the above, it is evident that the Company's operating margin was steadily decreasing, as per the externally prepared financial statements for FYE 2017 and FYE 2018 and the internally prepared financial statements for FYE 2019. The main operating costs that changed significantly from year to year was the administration & general expenses and employee expenses.

This appears to be due to an increase in accounting fees, accounting staff costs and debt collection issues.



As stated previously the financial statements for the period ending 16 October 2019 were incorrectly prepared and do not accurately reflect the true financial position of the Company.

10 Deficiency statement

Section 438B of the Act requires the director of the Company to provide the Administrator a statement about the Company's business, property, affairs and financial circumstances. The director of the Company provided me with a statement detailing the Company's assets and liabilities at Book Value and Estimated Realisable Values ("**ERV**") as summarised in the below deficiency statement, also including my estimate of the ERV in respect of the assets and liabilities of the Company.

	Book Value (\$)	Director's ERV (\$)	Administrators' ERV	
			High (\$)	Low (\$)
Circulating assets				
Cash at bank	133,546	61,840	61,840	61,840
Trade Debtors	96,551	9,868	9,868	1,670
Total circulating assets	230,097	71,708	71,708	63,510
Less: Priority creditors	-	-	-	-
Balance of circulating assets	230,097	71,708	71,708	63,510
Non-circulating assets				
Forklift	-	-	1,000	-
Total-non circulating assets	-	-	1,000	-
Less: Secured creditors	122,248	123,473	123,800	123,800
Less: Unsecured creditors	192,532	69,183	165,116	330,523
Estimated surplus / deficiency	(84,683)	(120,948)	(216,208)	(390,813)

Notes:

- The above summary does not take into account costs of the external administrator.
- The schedule above should not be used to determine likely return to creditors as further claims may be received from creditors of the Company who have not lodged a claim to date.

Outlined below are my comments in relation to the Director's statement and the assets and liabilities of the Company.

10.1 Assets

10.1.1 Cash at bank

The Company had two primary bank accounts with Australia and New Zealand Banking Group Limited ("**ANZ**") which had credit balances of \$2.19 and \$4.33 as at the date of appointment.



A total of \$61,840 was transferred by the director as at the date of my appointment to the my trust account from these bank accounts.

10.1.2 Debtors

A review of the Company's balance sheet as at the date of appointment indicated the Company had \$96,551.22 receivable from trade debtors.

A review of the aged receivables indicates that \$83,397.31 of these debtors were uncollectable, as they related to cash sales that were recorded as debtors of the Company.

The director has confirmed these amounts were incorrectly recorded.

The director advised that only \$9,868.43 of the debtors of the Company were receivable, of which \$1,670.61 was likely to be recoverable.

10.1.3 Forklift

The director advised that a forklift registered in name of the Company was sold prior to my appointment to an unrelated party in the amount of \$2,000. To date only \$1,000 has been received into the Company's bank account, with \$1,000 still to be paid.

Prior to my appointment an auctioneer was contacted and provided with photos and details of the condition of the forklift in order to get an understanding of the value of the forklift.

The auctioneer advised that this forklift had a estimated realisable value of \$2,000, with expected realisation costs to be approximately \$200.

Pending payment of \$1,000 being received from the purchaser, I have deemed the sale of the forklift to be a commercial sale.

10.1.4 Other Assets

As advised previously all others assets of the Company, being stock, motor vehicles, office equipment, plant & equipment, and goodwill of the Company were sold to an unrelated party prior to my appointment.

As detailed in section 12.1.3 of this report, I have deemed the sale of business to be a commercial transaction, pending information to be received from Westpac.

10.2 Liabilities

10.2.1 Priority creditors (employees)

As at the date of my appointment, the director advised that there were no amounts owing to any employees of the Company.

My investigations have not identified any amounts owed to employees of the Company to date.



10.2.2 Secured creditor

As detailed in section 7.5 of this report, according to the PPSR search obtained from the database of the ASIC, the Company has the following creditors with PPSR security interests registered against the Company.

Australia And New Zealand Banking Group Limited

Correspondence was sent to the Australian And New Zealand Banking Group Limited ("ANZ") as at the date of my appointment, advising of my appointment as Administrator of the Company and requesting further details in relation to their security interest.

The ANZ responded providing a proof of debt advising that it related to loan account and a credit card, details of which are below;

Detail	Amount \$
Loan	111,154.04
Credit Card	9,975.40
Total	121,129.44

Details relating to the security agreement are yet to be provided.

Sancell Pty Ltd

Correspondence was sent to Sancel Pty Ltd ("Sancel") as at the date of my appointment, advising of my appointment as Administrator of the Company and requesting further details in relation to their security interest.

To date no response has been received.

Volkswagen Financial Services Australia Pty Ltd

Correspondence was sent to Volkswagen Financial Services Australia Pty Ltd ("Volkswagen") as at the date of my appointment advising of my appointment as Administrator of the Company and requesting further details in relation to their security interest.

Volkswagen responded advising that the loan had been paid out in full on 8 October 2019.

The director advised that the security interest related to a motor vehicle being a 2017 Volkswagen Crafter 35 400 LWB TD.

This motor vehicle was included as part of the sale of business which occurred prior to my appointment and the funds used to payout the motor vehicle, were paid directly by the purchaser.

I have subsequently deemed the sale of business to be a commercial sale of business, refer to Section 12.1.13 of this report for further information in relation to the commerciality of the sale of business.



Nilfisk-Advance Pty Ltd

Correspondence was sent to Nilfisk-Advance Pty Ltd ("Nilfisk") as at the date of my appointment, advising of my appointment as Administrator of the Company and requesting further details in relation to their security interest.

To date no response has been received.

Nisbets Australia Pty Limited

Correspondence was sent to Nisbets Australia Pty Limited ("Nisbets") as at the date of my appointment, advising of my appointment as Administrator of the Company and requesting further details in relation to their security interest.

To date no response has been received.

The director advised as at the date of appointment \$2,670.83 was owed to Nisbets.

Spectrum Brands Australia Pty Ltd

Correspondence was sent to Spectrum Brands Australia Pty Ltd ("Spectrum") as at the date of my appointment, advising of my appointment as Administrator of the Company and requesting further details in relation to their security interest.

Spectrum subsequently responded advising that their security interest had been discharged and provided a discharge registration verification statement to confirm the discharge.

Skope Industries Ltd

Correspondence was sent to Skope Industries Ltd ("Skope") as at the date of my appointment, advising of my appointment as Administrator of the Company and requesting further details in relation to their security interest.

Skope subsequently responded advising that their security interest had been discharged and provided a discharge registration verification statement to confirm the discharge.

Solaris Paper Pty Ltd

Correspondence was sent to Solaris Paper Pty Ltd ("Solaris") as at the date of the appointment, advising of my appointment as Administrator of the Company and requesting further details in relation to their security interest.

To date no response has been received.

Westpac Banking Corporation

Correspondence was sent to Westpac Banking Corporation ("Westpac") as at the date of my appointment, advising of my appointment as Administrator of the Company and requesting further details in relation to their security interest.



To date no response has been received.

The director advised that this security interest related to a motor vehicle, being a 2012 Holden Commodore Thunder SS Ute.

A review of the sale of business, which occurred prior to my appointment, indicates that this motor vehicle was included as part of the sale of business.

The director has advised that this motor vehicle has been paid out in full by the purchaser.

I am waiting for written confirmation from Westpac.

Pending the confirmation of the motor vehicle being paid out by the purchaser, I have deemed the sale of business to be a commercial sale of business. Refer to Section 12.1.13 of this report for further information in relation to the commerciality of the sale of business.

10.2.3 Ordinary unsecured creditors

Taxation Liabilities

As per the proof of debt received from the Australian Taxation Office (“ATO”) the Company’s outstanding taxation liability is estimated by the ATO to be \$95,783.75 which relates to a running account debt in respect of both PAYG and GST as at the date of my appointment.

State Revenue Office

The New South Wales revenue office advised that Company was not registered or land tax or payroll tax in the state of New South Wales.

Other Ordinary Unsecured Creditors of the Company

As at the date of appointment, the director advised in his ROCAP that the Company owed 24 ordinary unsecured creditors, not including the ATO, the amount of \$69,575.08.

My investigations to date indicates that the Company owes a total of 25 ordinary unsecured creditors a total of \$69,333.03.

10.2.4 Related party creditors

As the date of appointment the only amounts owed to related party creditors are the director and former director and shareholder of the Company, details of which are below;

Detail	Amount \$
David Muffet	147,238.13
Francis Vella	18,168.17
Total	\$165,406.30



11 Deed of Company Arrangement (“DOCA”) proposal

There is no proposal for consideration by the Company’s creditors that the Company enter into a deed of company arrangement.

12 Offences, voidable transactions and insolvent trading

12.1 Nature and scope of investigations

The Act requires administrator(s) to carry out preliminary investigations into a company’s business, property, affairs and financial circumstances.

In the course of my investigations to date, I have endeavoured to ascertain whether there were any transactions that appear to be voidable in respect of which money, property or other benefits might be recoverable by a liquidator under Part 5.7B of the Act.

A liquidator has the power to void certain transactions which are either not beneficial to, or detrimental to a company. Administrator(s) must identify any such transactions that appear to be voidable by a liquidator.

I reiterate that my investigations to date are preliminary and whilst to my knowledge no information has been withheld from me and I have had access to the Director, further investigations will be undertaken by a liquidator if one is appointed at the forthcoming meeting of creditors.

My investigations to date have focused on transactions entered into by the Company that a liquidator might seek to void or otherwise challenge if the Company is wound up. Investigations allow Administrators to advise creditors what funds might become available to a liquidator such that creditors can properly assess the best future course for the Company.

A liquidator may recover funds from certain voidable transactions or through other avenues; for example, through action seeking compensation for insolvent trading or breach of director(s) duties.

Funds recovered would be available to the general body of unsecured creditors including secured creditors but only to the extent of any shortfall incurred after realising their security.

My knowledge of the Company’s affairs comes principally from the following sources:

- Discussions with the director.
- The directors’ statement about the Company’s business, property, affairs and financial circumstances.
- Company’s MYOB which included the Company’s financials.
- Externally prepared financial statements.
- Searches obtained from relevant statutory authorities including ASIC and PPSR.
- Records maintained by the ATO.
- Publicly available information (Roads and Maritime, Land Titles Register).



12.1.1 Offences committed by officers

Part 2D.1 of the Act provides guidance in relation to various director(s) duties and relevant offences for failing to adhere to same. A liquidator, if one is appointed, will have the task of examining whether circumstances existed that would require the liquidator to report the offences of the Company's officers to the appropriate authorities.

On my examination of the Company's affairs to date I have not identified any offences committed by the officers of the Company pursuant to Part 2D.1 of the Act.

12.1.2 Unfair preferences

My investigations into the affairs of the Company have included the review of payments from the Company's bank account in the six months leading up to my appointment as Administrator which could be considered preferential in nature and recoverable by a liquidator if one was appointed.

Based on my preliminary review of the Company's financial records I have identified 32 transactions to 6 different creditors totalling \$43,753 which could be considered to be preferential in nature pursuant to the provisions of the Act.

The recovery of preferential payments may be subject to defences available to the recipient(s) of the above payments as per the provisions of the Act.

My preliminary investigations reveal that 5 payments totalling \$17,253 which may be collectable in full whereas 27 payments totalling \$26,500 are *prima facie* based on a debtor-creditor relationship and will be subject to defences available to the recipient(s) of these payments as per the provisions of the Act.

In my opinion, net realisations in relation to payments based on a debtor-creditor relationship in a best case scenario under liquidation may be \$17,253 as indicated in the "draft" summary of estimated returns (**Appendix "B"**).

Creditors are advised that a liquidator if one is appointed at the forthcoming meeting will conduct a more thorough investigation of these transactions by collating sufficient evidence both documentary and circumstantial to determine whether recovery action should be commenced in respect of these transactions.

12.1.3 Uncommercial transactions

A liquidator, if one is appointed at the forthcoming meeting of creditors, will be required to investigate transactions that appear to be uncommercial, having regard to the detriment to the Company as a consequence of the transaction.

As you are aware the Company's business was sold prior to my appointment to an unrelated party.

My preliminary review of the Company's books and records have not revealed any uncommercial transactions, which includes the sale of business, however I am waiting on further information from Westpac to confirm the sale of business was a commercial sale.



12.1.4 Unfair loans

A liquidator will be required to investigate loans to the Company which may be considered unfair due to extortionate interest rates or charges.

The financial statements of the Company available to me indicate that the Company had no unfair loan accounts.

12.1.5 Related party voidable transactions

A liquidator is required to investigate related party transactions within four years of the date of Administration and determine whether there were any related party transactions which could be considered as voidable pursuant to the provisions of the Act.

My preliminary investigations of the financial statements and the books and records of the Company have not identified the existence of related party voidable transactions.

12.1.6 Voidable security interests

My preliminary investigations into the affairs of the Company have not revealed any voidable security interests.

12.1.7 Insolvent trading

Section 588M of the Act provides that director(s) who fails to prevent a company from incurring a debt when the director(s) is aware, or should have suspected that the company was insolvent or would become insolvent as a result of incurring that debt, is liable for an amount equal to the loss or damage suffered by the company.

A liquidator, if one is appointed, will have the task of examining whether such circumstances existed and therefore whether he/she should take recovery action against the director.

Summarised below are some insolvency indicators accepted by the Courts in considering whether the Company traded whilst insolvent. My comments in relation to these insolvency indicators as they apply to the Company are also provided.

Cash flow test of insolvency

- The financial statements of the Company indicate that the Company made a profit in FYE 2017 as per the externally prepared financial statements in the amount of \$64,635, however experienced a loss in FYE 2018 as per the Company's externally prepared financial statements in the amount of \$3,722 and a relatively small profit of \$4,763 in FYE 2019 as per the internally prepared financial statements.
- It is noted the Company did make a profit in the amount of \$94,580.56 for the period ending 16 October 2019, however as previously stated, the financial statements as at the date of appointment were incorrect.



	Externally Prepared FYE 30/06/2017	Externally Prepared FYE 30/06/2018	Internally Prepared FYE 30/06/2019	Internally Prepared 16/10/2019
Gross profit margin	0.30	0.30	0.30	0.86
Operating expense ratio	0.23	0.30	0.29	0.21
Net profit margin	0.15	(0.01)	0.01	0.75

It appears the Company was not generating sufficient cash flow after FYE 2017 to repay its long term loan liabilities and save cash to prop-up its capital reserves as per the Company's internally and externally prepared financial accounts, with the exception for the period ending 16 October 2019, however as previously discussed, the financials for the period ending 16 October 2019 were incorrect.

Balance sheet test of insolvency

Working capital is a measure of both the Company's efficiency and its short-term financial health. The working capital ratio indicates whether a Company has sufficient short term assets to cover its short term debt.

A working capital ratio of 1.2 is commonly considered to be acceptable for most companies and therefore the net capital ratio of below 1 is indicative of severe financial difficulties for the Company.

The Company's working capital ratio as per the externally prepared financial statements for FYE 2017 and FYE 2018 and the internally prepared financial statements indicates a decline in the new working capital ratio, however the net working capital ratio still is above 1.2. As previously discussed the financial statements for the period ending 16 October 2019 are incorrect.

	Externally Prepared FYE 30/06/2017	Externally Prepared FYE 30/06/2018	Internally Prepared FYE 30/06/2019	Internally Prepared 16/10/2019
Net working capital ratio	3.45	1.76	1.37	1.70

The Company only had negative net assets for FYE 2019, see below:

	Externally Prepared FYE 30/06/2017	Externally Prepared FYE 30/06/2018	Internally Prepared FYE 30/06/2019	Internally Prepared 16/10/2019
Net assets	\$91,878.00	\$88,157.00	(\$3,430.70)	\$72,459.65

Note that both the externally prepared financial statements from FYE 2017 to FYE 2018 and internally prepared financial statements for FYE 2019 included related party loans.

Below is the amended net asset position of the Company, with removal of the related party loans.



	Externally Prepared FYE 30/06/2017	Externally Prepared FYE 30/06/2018	Internally Prepared FYE 30/06/2019	Internally Prepared 16/10/2019
Net assets	\$283,552.00	\$258,613.00	\$161,975.60	\$237,865.95

Note that with removal of the related party loans, the Company now has no balance sheet deficiencies.

As previously discussed, financial statements for the period ending 16 October 2019 are incorrect.

Aged payables analysis

Summarised below is the aged payables of the Company from June 2018 until the appointment of the Administrator.

	Ageing Percentage			
	Current	30 days	60 days	90+ days
June 2018	92.00%	6.50%	(0.10%)	1.60%
July 2018	87.50%	1.6%	9.40%	1.50%
August 2018	79.60%	-	9.50%	10.90%
September 2018	79.60%	-	-	20.40%
October 2018	79.50%	-	-	20.40%
November 2018	79.50%	-	-	20.40%
December 2018	78.90%	-	-	20.50%
January 2019	71.60%	7.3%	0.70%	20.50%
February 2019	41.20%	30.40%	7.30%	21.10%
March 2019	34.20%	7.00%	30.40%	28.40%
April 2019	40.80%	(6.60%)	7.00%	58.80%
May 2019	24.10%	16.70%	(6.60%)	65.80%
June 2019	11.50%	12.60%	16.70%	59.20%
July 2019	5.50%	6.00%	12.30%	76.30%
August 2019	0.20%	5.20%	6.10%	88.50%
September 2019	-	0.20%	5.2%	94.70%
16 October 2019	-	-	3.8%	96.20%

Source: Company's internally prepared financial statements.

It is evident from the aged payables that the Company had started to experience cash flow issues from July 2018, as this is when creditors started to accumulate, namely being the ATO.

A review of the ATO running balance account indicates that the debt to the ATO started to accumulate from March 2018.



Other factors

- The Company's taxation liability accumulated resulting in the Company entering into a payment agreements with the ATO.
- The Company had a garnishee notice issued by the ATO.
- To my knowledge the Company did not have access to any alternative sources of finance.
- The Company did not have sufficient non-core assets which could be sold in order to provide much needed working capital.
- Financial statements were incorrectly recorded post 30 June 2019.

Preliminary conclusion as to insolvency

Based on the financial insolvency indicators outlined above and my review of the financial records of the Company, in my opinion the Company was cash flow insolvent 1 April 2019.

However, from a commercial insolvency perspective, it is unclear until further investigations are completed, as to when or if the Company could source from the director or other parties funds to inject into the Company to alleviate the insolvent position of the Company. I make these comments based on the fact that the director of the Company owns property that may have been able to be sold to inject further capital into the Company.

The director has advised that the Company faced mounting pressures from its trade creditors demanding payment of their outstanding debts, entering into several payment arrangements with creditors including several payment arrangements with the ATO. The ATO also issued a Garnishee Notice against the Company's bank account. Therefore there was circumstantial evidence confronting the director that the Company was in financial difficulty.

A liquidator, should one be appointed would conduct further in-depth investigations in relation to insolvent trading by the director of the Company.

Insolvent trading claim and associated costs

Any quantum of claim made against the director for trading the Company whilst insolvent by a liquidator, should one be made, will be equal to the amount of new debt that the Company incurred from the date the liquidator believes that Company became insolvent.

Given the short time frame since I have been appointed, I have not completed a comprehensive review of the creditors' claims and when their debts were incurred to determine the amount of the trading whilst insolvent claim. However, my initial estimate is that the amount of the claim may be between \$50,000 and \$65,000. Further detailed investigations will be required to be completed by a liquidator, should one be appointed.

In my experience, the costs likely to be incurred in pursuing an insolvent trading claim of this quantum are estimated to be between \$20,000 and \$35,000.



Directors' financial capacity to satisfy compensation order

In my opinion, a successful insolvent trading claim against the director leading to a net recovery which would benefit creditors may be likely as the director owns property which potentially will have surplus equity after satisfying the mortgagor.

I am not aware of any other readily realisable assets in the name of the director of the Company and there is no information to my knowledge that has been withheld by the director. I have only considered publicly available information in assessing the financial capacity of the director of the Company.

12.2 Other matters arising from investigations

12.2.1 Falsification of books

Pursuant to Section 1307 of the Act, it is an offence for a person to engage in conduct that results in the concealment, destruction, mutilation or falsification of any securities of or belonging to the company or any books affecting or relating to affairs of the company.

If a breach is proven, Part 9.4 of the Act provides for criminal penalties only. Therefore, any breaches of Section 1307 will not result in recovery of funds by a liquidator.

My investigations to date have not revealed any evidence of falsification of books.

12.2.2 False or misleading information

Pursuant to Section 1308 of the Act, a company must not advertise or publish a misleading statement regarding the amount of its capital.

It is an offence for a person to make or authorise a statement that, to the person's knowledge is materially false or misleading.

My preliminary investigations do not reveal any evidence of false or misleading information.

12.2.3 False information

Pursuant to Section 1309 of the Act, it is an offence for a company or employee to make available any information to a director, auditor, member, debenture holder, or trustee for debenture holders or the company that is to the knowledge of the company officer or employee:

- False or misleading; or
- Has omitted from it material information rendering it misleading in a material respect.

My preliminary investigations do not reveal any evidence of any false information.

13 Estimated return to creditors

Based on the information available to me, enclosed as **Appendix "B"** of this report is a 'summary' which contemplates the estimated return to creditors in a liquidation scenario.



I advise that the enclosed summary is an estimate only and should not be considered by any class of creditor as a fixed rate or fixed return dividend.

Summarised below is the dividend scenario for each class of creditor.

13.1 Estimated return to priority creditors

The director has advised that there are no amounts owed to priority creditors and my investigations confirm this.

I note that in the event there is an amount owed to priority creditors, the priority creditors of the Company will have first entitlement (after the costs of the external administrator) to any proceeds received from the Company's circulating assets. Circulating assets are primarily cash a bank, stock and debtors.

If the Company is placed into liquidation and there are insufficient assets to satisfy priority creditors in full, the Fair Entitlements Guarantee ("FEG") scheme will be available to employees to make a claim for the entitlements, excluding superannuation.

However as stated above, I have identified no amounts owed to priority creditors.

13.2 Estimated return to secured creditors

My investigations have indicated there are amounts owed to secured creditors of the Company.

In a liquidation scenario, secured creditors will have first entitlement (after the costs of the external administrator) to 'non-circulating assets' which primarily is the plant & equipment of the Company.

Any surplus funds from 'circulating assets' after payment of the costs of external administration and employee entitlements will be applied to satisfying any monies still owed to the partly secured creditors or unsecured creditors.

As detailed in section 7.2 of this report, there are several creditors that have PPS registrations that will receive a priority from funds received from the sale of the circulating assets of the Company (after the costs of the external administrator).

13.3 Estimated return to partly secured and unsecured creditors

I have identified no partly secured creditors, however there is unsecured creditors owing by the Company in the amount of \$330,323.25.

Based on the summary enclosed as **Appendix "B"** I estimate that the unsecured creditors of the Company will receive a dividend only in the event of a successful insolvent trading claim against the director. At this stage, that issue can only be properly considered by a liquidator, should creditors resolve that the company ought to be placed into liquidation at the



forthcoming meeting. Creditors should also be aware that the director is likely to endeavour to rely on various statutory defences available to him.

13.4 Timing of dividend

In the event funds are recovered from an insolvent trading claim a dividend to any class of creditor of the Company would not be determined and paid for at least 9 to 12 months after the appointment of liquidator.

14 Remuneration of Administrators and Deed Administrators or Liquidators

This report will be issued along with a remuneration report for the Administrator and Liquidator which should be read in conjunction with this report.

The remuneration report will provide the costs of Administration and Liquidation and the basis on which remuneration will be sought by the Administrator and Liquidator at the forthcoming meeting of creditors.

15 Interests of creditors/recommendations

At the forthcoming meeting of creditors, creditors will be asked to resolve on one of the following three courses of action, as provided for under Rule 75-225(3)(b) of the *Insolvency Practice Rules (Corporations) 2016*:

- a. That the Company execute a Deed of Company Arrangement; or
- b. That the Administration should end and control of the Company should be returned to the director of the Company; or
- c. That the Company be wound up.

In this report I am required to form an opinion and recommend as to which course of action that would be in the best interests of the creditors.

I am also required to give a reason for my opinion and information known to me to enable creditors to make an informed decision.

My comments on each of the options are as follows:

a. Company executing a Deed of Company Arrangement

There has been no proposal put forward by the Director or any other party which would form the basis of a Deed of Company Arrangement for creditors to consider.

This option therefore cannot be considered either by the Administrator or creditors.



b. Termination of the Administration and return of Company's control to the Director

In my opinion the administration should not be terminated and the Company should not be returned to the control of the Director.

The Company is insolvent, a winding up order is currently before the court, the business has ceased trading and the business of the Company has been sold. The Company is therefore not in any position to resume normal trading.

If control of the Company was to be returned to the director of the Company, there would be no formal administration in place to ensure proper investigations are carried out into the Company's affairs.

This option is therefore, in my opinion, not in the best interests of creditors.

c. Company be wound up

As noted above in this report, The Company is insolvent, the business of the Company has ceased trading and the business of the Company has been sold.

In view of the position of the Company as at the date of this report, the option of winding up the Company is the only course that I am able to recommend to creditors.

The appointment of a liquidator(s) will ensure an orderly winding up of the Company's affairs and proper investigations to be carried out and the pursuit of recoveries available to the liquidator under Part 5.7B of the Act.

Accordingly, for the purposes of this report and for the reasons previously stated, I recommend that the Company be wound up.

Should any creditor require further information please contact me directly on (02) 6100 3435 or, in my absence, Mr Matthew Moldrich of Integrated Globaltech on (03) 9010 5425.

Dated this 13th day November 2019

**Ezio Senatore
Administrator**

Appendix “A”



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CORPORATIONS ACT 2001

Section 436DA

Declaration of Independence, Relevant Relationships and Indemnities

CAAAMS Pty Ltd (Administrator Appointed)
ACN 607 497 012
Formerly Trading As South Coast Hospitality NSW
(the "Company")

This document requires the Practitioner/s appointed to an insolvent entity to make declarations as to:

- A. their independence generally;
- B. relationships, including
 - i the circumstances of the appointment;
 - ii any relationships with the Company and others within the previous 24 months;
 - iii any prior professional services for the Company within the previous 24 months;
 - iv that there are no other relationships to declare; and
- C. any indemnities given, or up-front payments made, to the Practitioner.

This declaration is made in respect of myself, my staff and sub-contractors of Eddie Senatore Advisory.

A. Independence

I, Eddie Senatore, of Eddie Senatore Advisory have undertaken a proper assessment of the risks to my independence prior to accepting the appointment as Administrator of the Company in accordance with the law and applicable professional standards. This assessment identified no real or potential risks to my independence. I am not aware of any reasons that would prevent me from accepting this appointment.

B. Declaration of Relationships

i Circumstances of appointment

This appointment was referred to me by Ms Shelley Thomson, a health professional consultant. Prior to this engagement, I received no referrals from Ms Thomson. In taking this appointment I have not given, nor have I received, any referral commission, inducement or other benefit. In addition, my appointment is not conditional upon any understanding or requirement what work may be returned to the referrer. There are no conditions or arrangements surrounding the referral that would restrict the proper exercise of my judgment or duties. I am therefore of the opinion that there is no conflict of interest with regard to this relationship.



On 12 April 2019, I received a call from Ms Thomson in relation to her client's business that was experiencing financial difficulty. Ms Thomson advised that she would be passing on my contact details to them to contact me.

Later that day I received an email from Mr David Muffet, director of the Company, advising that he received my contact details from Ms Thomson and provided broad details of the Company's financial position and that he would contact myself in event he wanted to place the Company into external administration.

On 12 August 2019, I received an email from Mr Muffet advising that he was now in a position to place the Company into external administration. I conducted an ASIC company search and sent a pre-appointment director questionnaire to Mr Muffet which he completed and subsequently returned to me via email on 14 August 2019.

During 15 August 2019 to 30 August 2019 and 11 September 2019 and 30 September 2019, I received numerous emails and telephone calls from Mr Muffet. The following matters were discussed and dealt with during the numerous telephone conversations and emails;

- General discussion regarding the Company's current financial position;
- Gaining an understanding of the background of the Company and what type of external appointment would be most appropriate given the circumstances of the Company; and
- Clarifying and explaining to the Company's director the various options available to the Company and the nature and consequences of insolvency appointments.

Due to a director dispute, it was determined a voluntary administration would be the most appropriate course of action.

On 23 August 2019 I was involved in a telephone between Mr Muffet and a creditor NowChem wherein Mr Muffet discussed the possible sale of the business to NowChem. I excused myself from this telephone conversation on the basis that any involvement in these discussions might impact on my independence.

On 8 October 2019, I received correspondence from Mr Muffet advising that he was now in a position to execute the appointment documents.

On 11 October 2019, Mr Matthew Moldrich of Integrated Globaltech Pty Ltd, forwarded the appointment documents to Mr Muffet in order for the appointment to proceed on the same day.

As I did not receive the duly executed documents on 11 October 2019, I requested Mr Moldrich to subsequently prepare another set of appointment documents in order for the appointment to proceed on 14 October 2019.

On 15 October 2019, Mr Muffet placed a call to Mr Moldrich and advised that he was unable to execute the appointment documents until 16 October 2019 and requested that the documents be updated and sent by email with the appointment date being 16 October 2019.



Mr Moldrich updated the appointment documents and resent them to Mr Muffet with the appointment date being 16 October 2019.

On the 16 October 2019, Mr Muffet forwarded to me the duly executed appointment documents by email.

I, nor any of my staff / sub-contractors have received remuneration in respect of the telephone conversations and emails.

In my opinion, the telephone conversations and emails did not affect my independence for the following reasons:

- I did not provide any pre-appointment financial advice to any person and nor did I attempt to provide any assurances to anyone during the meetings, telephone conversations or via emails in respect of my proposed appointment as to any outcome as a result of that proposed appointment. The provision of background information regarding the Company and of past and present officers of the Company is necessary along with general information concerning matters which included discussion concerning the current estimated financial position of the Company and does not give rise to any issue of conflict as such information is necessary to consider as to whether or not I should accept the appointment;
- The Courts and the Australian Restructuring & Insolvency Turnaround Association (“ARITA”) (formerly known as the Insolvency Practitioners Association of Australia) specifically recognise the need for insolvency practitioners to provide advice on the insolvency process and of the options available to directors of companies and do not consider that such limited advice results in a conflict or is an impediment to accepting an appointment;
- The provision of such information to an insolvency practitioner does not breach the ARITA Code of Professional Practice and is permitted by the Australian Securities & Investments Commission (refer for example to ASIC Regulatory Guide 217); and
- The nature of such limited advice provided to director(s) of a company and their advisors is such that it is not subject to review or challenge during the course of the administration.

I have provided no other information or advice to the Company, its director or advisors prior to my appointment beyond that outlined in this Declaration.

ii **Relevant Relationships (excluding Professional Services to the Insolvent)**

Neither I, nor my firm, have, or have had within the preceding 24 months, any relationships with the Company, an associate of the Company, a former insolvency practitioner appointed to the Company or any person or entity that has security over the whole or substantially the whole of the Company’s property.

The Company has not been subject to any prior external administration.



Relationships with Major Banks

It is both common and usual to accept appointments where major banks hold a security interest over the company's non-circulating and circulating assets. Prior to 30 January 2012, this was referred to as security in the form of a fixed and floating charge over the company's assets or alternatively a debenture mortgage.

Major banks in almost every instance provide or have provided banking facilities and/or leasing facilities to companies prior to the appointment of an external administrator. Such an association does not, of itself, necessarily give rise to any conflict in respect of my independence.

Whether or not a bank may either hold a current security interest or, alternatively, rank as an ordinary unsecured creditor in the administration is not an issue that would normally prevent an external administrator from accepting an appointment to a company. Should the Company remain indebted to a bank following my appointment such an association between the bank and the Company will not influence my ability to fully comply with my statutory and fiduciary obligations associated with the winding up of the Company's affairs objectively and impartially.

Relationship with the Australian Taxation Office ("ATO")

Again, it is common and usual to accept appointments where the Australian Taxation Office ('ATO') is a creditor of the company. On occasion, the amount of indebtedness by a company subject to external administration to the ATO is not known as at the date of appointment and may not be able to be quantified until sometime after the commencement of the external administration.

I do not have any direct association with the ATO. Whether or not the Company is indebted to the ATO, such an association does not, of itself, necessarily give rise to any conflict in respect of my independence.

Accordingly, should the Company remain indebted to the ATO following my appointment such an association between the ATO and the Company will not influence my ability to comply with my statutory and fiduciary obligations associated with the winding up of the Company's affairs objectively and impartially.

There are no other prior professional or personal relationships that should be disclosed.

iii Prior Professional Services to the Insolvent

Neither I, nor my Firm, have provided any professional services to the Company in the previous 24 months, other than those outlined herein.

iv No other relevant relationships to disclose

There are no other known relevant relationships, including personal, business and professional relationships, from the previous 24 months with the Company, an associate of the Company, a former insolvency practitioner appointed to the Company or any person or



entity that has a valid and enforceable security interest on the whole or substantially the whole of the Company's property that should be disclosed.

As previously stated, the Company has not been subject to any prior external administration.

C. Indemnities and up-front payments

I have not been indemnified in relation to this external administration, other than any indemnities that I may be entitled to under statute and I have not received any up-front payments in respect of my remuneration or disbursements.

Dated: 18 October 2019

.....
Ezio Senatore
Administrator

NOTE:

1. *If circumstances change, or new information is identified, I am/we are required under the Corporations Act 2001 and the ARITA Code of Professional Practice to update this Declaration and provide a copy to creditors with my/our next communication as well as table a copy of any replacement declaration at the next meeting of the Company's creditors.*
2. *Pursuant to Section 436DA(5)(b) of the Corporations Act 2001 I am required to make a replacement declaration of relevant relationships if:-*
 - i. *The declaration becomes out-of-date; or*
 - ii. *The Administrator becomes aware of an error in the declaration.**I am also required to table a copy of any replacement declaration at the next meeting of the committee of inspection or the next meeting of the Company's creditors.*
3. *Any relationships, indemnities or up-front payments disclosed in the DIRRI must not be such that the Practitioner is no longer independent. The purpose of components B and C of the DIRRI is to disclose relationships that, while they do not result in the Practitioner having a conflict of interest or duty, ensure that creditors are aware of those relationships and understand why the Practitioner nevertheless remains independent.*

Appendix “B”

CAAAMS Pty Ltd (Administrator Appointed) Formerly Trading As South Coast Hospitality NSW ACN 607 497 012
"DRAFT" Summary of Estimated Return to Creditors

	Liquidation Scenarios		DOCA	NOTES
	Optimistic	Pessimistic		
Assets	\$	\$	\$	
Cash at Bank	61,840	61,840	N/A	No DOCA proposed.
Trade Debtors	9,868	1,670		
Plant and Equipment	1,000	-		
Preference recoveries	17,253	17,253		
Insolvent trading claim	50,000	-		
	139,961	80,763		
<i>less</i> Legal fees - Preference recoveries	-	-		
<i>less</i> Legal fees - Insolvent trading claim	20,000	-		
	20,000	-		
<i>less</i> Estimated Costs of External Administration				
Remuneration of Administrator (est.)	43,450	43,450		
Disbursements of the Administrator (est.)	1,000	500		
Remuneration of Deed Administrator (est.)	-	-		
Disbursements of the Deed Administrator (est.)	-	-		
Remuneration of Liquidator (est.)	25,000	20,000		
Disbursements of Liquidator (est.)	2,000	1,000		
	71,450	64,950		
Available to Priority Claims of Employees	48,511	15,813		
<i>less</i> Claims of Priority Creditors	N/A	N/A		
	N/A	N/A		
Estimated Dividend to Priority Creditors	N/A	N/A		
Available to Secured Creditors	48,511	15,813		
<i>Less</i> Secured Creditor Claims	38,106	38,106		
Estimated Dividend to Secured Creditors	30.78%	30.78%		
Available to Ordinary Unsecured Creditors	10,405	-		
<i>less</i> Claims of Ordinary Unsecured Creditors				
Australian Taxation Office	95,784	95,784		
Trade creditors	165,117	165,117		
Shortfall on leases/finance agreements	85,694	85,694		
<i>less</i> Increased Cr Claims from Preference Recoveries				
	17,253	17,253		
	363,848	363,848		
Estimated Dividend to Ord. Unsecured Creditors	2.86%	0.00%		



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**CAAAMS Pty Ltd
(Administrator Appointed)
Formerly Trading As South Coast Hospitality NSW
ACN 607 497 012
("the Company")**

Remuneration Report

13 November 2019

**Ezio (Eddie) Senatore
Administrator**



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1 Introduction

I, Ezio (Eddie) Senatore of Eddie Senatore Advisory, Registered Liquidator, Unit 2, 16 Bougainville Street, Griffith ACT 2603 Australia was appointed as Administrator (“**Administrator**”) of the Company on 16 October 2019 pursuant to Section 436A of the Corporations Act 2001 (“**the Act**”).

This Remuneration Report is provided to creditors pursuant to “Clause 23 – Remuneration Reports” of the Australian Restructuring Insolvency & Turnaround Association Code of Professional Practice (“**ARITA**”).

The purpose of the Remuneration Report is to assist creditors when considering the approval of the fees of the Administrator and Liquidator.

The Remuneration Report has been tailored to the particular circumstances of the administration.

The Remuneration Report has been created to:

- Provide information that is specific to the administration rather than generic;
- Ensure, where possible, that the level of the information provided is proportionate to the size and complexity of the administration;
- Try to assist committee members or creditors by highlighting the key components of the remuneration claim and any areas that committee members or creditors are likely to view as contentious;
- Provide a high-level of information;
- Explain that further levels of detail are available at the meeting or on request;
- Make explanations concise and clear; and
- Provide disclosure that is meaningful, clear, succinct and appropriate overall.

In the interests of on-going, continuous improvement, I invite creditors to provide feedback regarding this Remuneration Report and its suitability in achieving the goals stated above.

I am mindful of the fact that creditors may not be familiar with insolvency procedures. Accordingly, I have attempted to provide information that is both relevant and of high quality, rather than just providing a large volume of information. Providing more information does not necessarily inform creditors in a more effective manner than providing less. It is the relevance and quality of the information rather than quantity that is the key.

2 Declaration

I have undertaken a proper assessment of this remuneration claim for my appointment as the Administrator of the Company, in accordance with the law and applicable professional standards. I am satisfied that the remuneration being claimed is in respect of necessary



work, properly performed, or to be properly performed, in the conduct of the external administrations.

3 Executive summary

To date, no remuneration has been approved or paid in the external administrations. This Remuneration Report details approval sought for the following fees:

	Reference	Amount \$ (ex GST)
<i>Voluntary Administration</i>		
From 16 October 2019 to 12 November 2019	4.1	40,450.00
From 13 November 2019 to 19 November 2019	4.2	3,000.00
Total Voluntary Administration		43,450.00
<i>Liquidation</i>		
From 20 November 2018 to Conclusion of the Liquidation	4.3	20,000.00
Total Liquidation		20,000.00

I draw the attention of creditors that the approval for the forecast or future remuneration sought is based on an estimate of the work necessary to the completion of the administration.

Should additional work be necessary beyond what is contemplated, further approval may be sought from creditors.

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

4 Description of work completed / to be completed

The tasks undertaken in an external administration are broadly divided into seven categories. The ARITA Code of Professional Conduct has categorised these as follows:

- Dealing with the Company's assets;
- Dealing with the Company's creditors;
- Dealing with the Company's employees;
- Dealing with matters in trading on the Company's affairs;
- Investigations into the Company's affairs;
- Declaring a dividend to the Company's creditors; and
- Administrative matters in the Company's administration.



Relevant information as to both the actual costs and estimated costs in relation to above seven categories as applicable to the administration is detailed below:

4.1 Actual remuneration of the Administrator

I have calculated the **actual** costs of remuneration of the Administrator from 16 October 2019 to 12 November 2019 to be as follows:

	Amount (ex GST)
From 16 October 2019 to 12 November 2019	\$40,450.00

I attach relevant summaries of the **actual** tasks undertaken marked “**Annexure A**” of this Remuneration Report. The summaries are in respect of remuneration incurred in the administration to date, and identify those tasks already undertaken. The summaries also provide a breakdown of the hours spent dealing with those tasks.

4.2 Forecast remuneration of the Administrator

I have calculated the **forecast** costs of remuneration of the Administrator from 13 November 2019 to 19 November 2019 to be as follows:

	Amount (ex GST)
From 13 November 2019 to 19 November 2019	\$3,000.00

I attach relevant summaries of the **forecast** tasks to be undertaken marked “**Annexure B**” of this Remuneration Report. The summaries are in respect of remuneration expected to be incurred in the administration for the above period and identify those tasks which will be undertaken. The summaries also provide a breakdown of the hours to be spent dealing with those tasks.

4.3 Forecast remuneration of the Liquidator from Commencement to Completion of the Liquidation (if applicable)

I have calculated the **forecast** costs of remuneration of the Liquidator from 20 November 2019 to the conclusion of the liquidation (if applicable) to be as follows:

	Amount (ex GST)
From 20 November 2019 to conclusion of the liquidation	\$20,000.00

I attach relevant summaries of the **forecast** tasks to be undertaken marked “**Annexure C**” of this Remuneration Report. The summaries are in respect of remuneration expected to be incurred in the conduct of the Company’s liquidation for the above period and identify those tasks which will be undertaken. The summaries also provide a breakdown of the hours to be spent dealing with those tasks.



5 Calculation of remuneration

I advise creditors that I am required, pursuant to the ARITA Code of Professional Conduct, to provide a clear summary of both the actual costs to date along with the forecast/future costs in respect of my remuneration.

Although this information is already included in the immediately abovementioned Annexures, I have provided the summaries again here as part of the body of my Remuneration Report for the purpose of ensuring creditors are fully informed of both these actual and forecast remuneration costs.

Proposed Remuneration Resolution 1

Remuneration Resolution 1

Actual Fee Summary for the period 16 October 2019 to 12 November 2019

Employee	Position	\$/Hour (Exc GST)	Total Actual Hours	TOTAL \$	T A S K A R E A						
					Assets \$	Creditors \$	Employees \$	Trade-On \$	Investigations \$	Dividend \$	Administration \$
Ezio Senatore	Appointee	450.00	5.75	2,587.50	-	1,012.50	-	-	1,575.00	-	-
Matthew Moldrich	Manager	450.00	24.70	11,115.00	-	-	-	-	11,115.00	-	-
Aegrene Manangan	Manager	450.00	8.20	3,690.00	-	-	-	-	3,690.00	-	-
Ezio Senatore	Appointee	250.00	1.50	375.00	-	375.00	-	-	-	-	-
Matthew Moldrich	Intermediate	250.00	57.20	14,300.00	950.00	12,250.00	-	-	-	-	1,100.00
Aegrene Manangan	Intermediate	250.00	17.40	4,350.00	-	3,600.00	-	-	-	-	750.00
Gina Neou	Secretary/Admin	250.00	11.25	2,812.50	-	-	-	-	-	-	2,812.50
Clare Johnson	Secretary/Admin	250.00	4.88	1,220.00	-	-	-	-	-	-	1,220.00
TOTAL			130.88	40,450.00	950.00	17,237.50	-	-	16,380.00	-	5,882.50
add GST				4,045.00							
TOTAL INC GST				44,495.00							

NUMBER OF HOURS (ACTUAL) 3.80 67.15 - - 36.40 - 23.53
 AVERAGE HOURLY RATE (ACTUAL - \$) \$ 250.00 \$ 256.70 \$ - \$ - \$ 450.00 \$ - \$ 250.00

TOTAL AVERAGE HOURLY RATE (ACTUAL - \$) \$ 309.06

Proposed Remuneration Resolution 2

Remuneration Resolution 2

Forecast Fee Summary from 13 November 2019 to 19 November 2019

Task Area	Estimated Hours	Estimated Cost (\$)
Assets	1.00	250.00
Creditors	4.60	1,150.00
Investigations	3.00	1,350.00
Administration	1.00	250.00
TOTAL	9.60	3,000.00
Average rate (\$)		312.50



Proposed Remuneration Resolution 3

Remuneration Resolution 3

Forecast Fee Summary from 20 November 2019 to the Completion of the Liquidation

Task Area	Estimated Hours	Estimated Cost (\$)
Assets	4.00	1,000.00
Creditors	20.00	5,000.00
Investigations	22.22	10,000.00
Administration	16.00	4,000.00
TOTAL	62.22	20,000.00
Average rate (\$)		321.43

6 Remuneration resolutions

Based on the information which I have provided in Part 3 and Part 4 of the Remuneration Report, I will therefore request that creditors consider and approve my actual costs of remuneration incurred to date along with my estimated costs of future remuneration. I therefore propose that creditors at the forthcoming meeting consider and approve the following resolutions (as applicable):

6.1 Remuneration Resolution 1

"That the actual remuneration of the Administrator, his staff and sub-contractors from 16 October 2019 to 12 November 2019 are all proper costs, charges and expenses of and incidental to the administration, and that same be fixed on a time basis at rates calculated in accordance with Eddie Senatore Advisory's Schedule of Hourly Rates, in the amount of \$40,450.00 plus GST as stipulated in the Administrator's Remuneration Report dated 13 November 2019 and that the Administrator be authorised to make periodic payments on account of such accruing remuneration. Out of pocket expenses and disbursements plus GST are additional."

6.2 Remuneration Resolution 2

"That the forecast future remuneration of the Administrator, his staff and sub-contractors from 13 November 2019 to 19 November 2019 are all proper costs, charges and expenses of and incidental to the Administration, and that same be capped on a time basis at rates calculated in accordance with Eddie Senatore Advisory's Schedule of Hourly Rates, up to a limit of \$3,000.00 plus GST as stipulated in the Administrator's Remuneration Report dated 13 November 2019 and that the Administrator be authorised to make periodic payments on account of such accruing remuneration. Out of pocket expenses and disbursements plus GST are additional."



6.3 Remuneration Resolution 3

"That the forecast future remuneration of the Liquidator, his staff and sub-contractors from 20 November 2019 until completion of the liquidation are all proper costs, charges and expenses of and incidental to the liquidation, and that same be capped on a time basis at rates calculated in accordance with Eddie Senatore Advisory's Schedule of Hourly Rates, up to a limit of \$20,000.00 plus GST as stipulated in the Administrator's Remuneration Report dated 13 November 2019 and that the Liquidator be authorised to make periodic payments on account of such accruing remuneration. Out of pocket expenses and disbursements plus GST are additional."

7 Remuneration recoverable from external sources

Indemnity Provided by the Director or Former Director or Third parties

I refer to my Declaration of Independence, Indemnities and Relevant Relationships attached with the first circular to the Company's creditors and advise that I have not been indemnified in relation to this external administration, other than any indemnities that I may be entitled to under statute and I have not received any up-front payments in respect of my remuneration or disbursements.

Fair Entitlements Guarantee

In the event that the Company is placed into liquidation and the forthcoming meeting and the Company does not have sufficient funds available from the realisation of assets in order to settle the priority claims of the Company's former employees (if any), the Federal Government, via the Department of Jobs & Small Business (formerly Department of Employment), operates a scheme to make remuneration available to a liquidator in order for the liquidator to adjudicate on those employees' claims and declare a distribution for those employees.

As detailed in the Administrators Report, no priority creditor claims have been identified to date.

Assetless Administration Fund

A liquidator of insolvent companies may make application to the Australian Securities and Investments Commission ("**ASIC**") for funding via the Assetless Administration Fund. Broadly, such funding enables a liquidator to carry out further investigations into a company's affairs and prepare additional reports to ASIC especially in circumstances where there may be possible breaches of the Act or of misconduct, in particular, by current or former officers of a company.

Any application to the Assetless Administration Fund can only be made if the Company is placed into liquidation.



Any remuneration payments received by the Liquidator from the Department of Jobs & Small Business in relation to the Fair Entitlements Guarantee Act 2012 or predecessor schemes, or from the Assetless Administration Fund operated by ASIC are considered separate arrangements involving a limited or partial funding agreement. Where higher fees are incurred than the amount covered by the funding agreement there is no restriction in the administrations being charged for the shortfall on the basis that all remuneration claimed is necessary and properly incurred in accordance with the ARITA Code of Professional Conduct.

8 Likely Impacts on Dividends

The Corporations Act sets the order for payment of claims against a company and it provides for remuneration of the external administrator to be paid in priority to other claims.

This ensures that when there are sufficient funds, the external administrator receives payment for the work done to recover assets, investigate the company's affairs, report to creditors and ASIC and distribute any available funds.

The approval of the above remuneration and disbursements claim will reduce any dividend that may be potentially paid to any class of creditor.

Creditors ought to be aware that in the event that the above remuneration is not approved, that approval can be sought through the Courts. This avenue if required will result in further costs being incurred.

9 Disbursements

Disbursements are divided into three types:

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

I am not required to seek creditor approval for disbursements paid to third parties, but must account to creditors. However, I must be satisfied that these disbursements are appropriate, justified and reasonable.

Basis of disbursement claim

Disbursements will be claimed at cost.



I declare that the disbursements incurred in the administration to date are all proper and necessary to the administration and have been for works properly performed and for costs properly incurred.

10 Report on Progress of Administration

This remuneration report is being issued under the cover of the Report by Administrator which includes a report on the progress of the administration to date.

Refer to Annexure "D" for a summary of receipts and payments in respect of the Administration to date.

11 Queries

I advise that any creditor is entitled to request further information regarding remuneration from me. I further advise that it is each individual creditor's right to determine whether or not any request for remuneration is reasonable given the amount of work that has already been carried out during the administration or is proposed to be carried out during the administration.

The ARITA Code of Professional Practice: Remuneration outlines the steps that appointees should take to ensure they fulfil their responsibilities to creditors when requesting creditors to consider resolutions to approve fees. This also considers situations when creditors, acting in their capacity as committee members, are asked to approve remuneration of the appointee. This guide is available on the ARITA website at www.arita.com.au.

12 Information sheet

I attach a copy of ASIC Information Sheet 85, "Approving Fees: A Guide for Creditors" for your records (**Annexure "E"**). A copy of this Information Sheet and other general information sheets are available from the ASIC website at www.asic.gov.au.

13 Initial advice to directors

I previously provided an estimate of my remuneration to the creditors of the Company. I estimated that the Voluntary Administration would cost \$20,000 (ex GST and disbursements) and \$20,000.00 (ex GST and disbursements) to complete the liquidation, subject to the following variables (but not limited to) which may have a significant effect on the above estimated estimate:

- Dealing with the sale of the business / assets (if applicable);
- Liaising with the director regarding the potential of entering into a Deed of Company Arrangement;
- Dealing with PPSR Creditors;
- Dealing with employees of the Company and their claims;
- Dealing with statutory authorities;
- Dealing with the claims of unsecured creditors;



- Level of involvement with solicitors in regards to the Company; and
- Investigations into the affairs of the Company

I note that the resolutions in relation to the quantum of remuneration paid to an external administrator can only be determined and approved by the creditors of the company or by a committee comprising the company's creditors or by the Court.

I estimate that the total duration of my appointment as Administrator and Liquidator, if appointed, will be approximately 12 to 18 months.

Remuneration Methods

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

1. Time Based / Hourly Rates

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

2. Fixed Fee

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

3. Percentage

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

4. Contingency

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

Method chosen

Given the nature of this administration we propose that our remuneration be calculated on Time Based / Hourly rates. This is because:

- It ensures that creditors are only charged for work that is performed.
- The Practitioner is required to perform a number of tasks which do not relate to the realisation of assets, for example responding to creditor enquiries, reporting to ASIC, distributing funds in accordance with the provisions of the Corporations Act 2001.
- The practitioner is unable to estimate with certainty the total amount of fees necessary to complete all tasks required in the Administration.
- The practitioner has a time recording system that can produce a detailed analysis of time spent on each type of task by each individual staff member utilised in the administration;
- Time based remuneration calculates fees upon a basis of time spent at the level appropriate to the work performed; and



- The method provides full accountability in the method of calculation.

Explanation of Hourly Rates

The rates for my remuneration calculation are set out in the following table together with a general guide showing the qualifications and experience of staff that will be engaged in the administrations and the role they take in the administrations. The hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage.

Title	Description	Hourly Rate (\$) (ex GST)
Appointee	Registered liquidator, Chartered Accountant, degree qualified with more than twelve years of experience. Assignment lead.	\$550
Manager	Chartered Accountant and degree qualified with more than five years of experience. Self-sufficiently conducts insolvency appointments and takes a supervisory role on matters.	\$450
Intermediate	Generally degree qualified and undertaking or about to undertake professional year qualification or comparable relevant qualification with less than one year of experience.	\$300
Secretary	Appropriately experienced and undertakes senior activities such as oversight of the processing of payment of receipts and banking administration.	\$250
Clerk	Appropriately experienced and undertakes support activities such as meeting coordination and preparation of materials where it is efficient and appropriate to do so.	\$150

Notes:

1. *The abovementioned hourly rates are exclusive of GST.*
2. *The above staff descriptions are intended a general guide only to the experience and qualifications of staff engaged in the external administration.*
3. *Time is recorded and charged to the administration in six-minute increments.*



Should any creditor require further information please contact me directly on (02) 6100 3435 or, in my absence, Mr Matthew Moldrich of Integrated Globaltech on (03) 9010 5425.

Dated this 13th day of November 2019

Ezio Senatore
Administrator



Annexure “A”



SUMMARY OF ACTUAL TASKS UNDERTAKEN

Company	CAAAMS Pty Ltd (Administrator Appointed)
Practitioner	Ezio Senatore
Administration Type	Voluntary Administration
Report Period	16 October 2019 to 12 November 2019

Task Area	General Description	Includes
Assets Hours 3.80 \$950.00	Plant and Equipment	<p>Reviewed listing of plant and equipment and reconciled listing between MYOB and list provided by director.</p> <p>Liaised with director and raised a number of queries concerning plant and equipment.</p>
	Debtors	Review of debtors ledger extracted from MYOB and discussions with director.
	Other Assets	<p>Reviewed MYOB file and extracted information relating to assets of the Company.</p> <p>Review of sale of business to determine if sale was commercial.</p>
Creditors Hours 67.15 \$17,237.50	Creditor Enquiries	<p>Receive & follow up creditor enquiries via telephone.</p> <p>Review &/or prepare correspondence to creditors by fax/post/email.</p>
	Secured Creditor Reporting	<p>Prepared initial notification to PPSR parties.</p> <p>Corresponded with ANZ and other PPSR creditors in relation to their security interests.</p> <p>Reviewed documentation submitted by PPSR parties concerning their security interests.</p>
	Creditor reports	<p>Prepared circular for first meeting of creditors.</p> <p>Preparing Administrator's report pursuant to</p>

CAAAMS Pty Ltd (Administrator Appointed)



SUMMARY OF ACTUAL TASKS UNDERTAKEN

Company	CAAAMS Pty Ltd (Administrator Appointed)
Practitioner	Ezio Senatore
Administration Type	Voluntary Administration
Report Period	16 October 2019 to 12 November 2019

Task Area	General Description	Includes
		Rule 75-225(3).
	Dealing with proofs of debt	Receipt & filing POD's (not related to a dividend)
	Meeting of Creditors	Preparation meeting notices, proxies & advertisements. Forwarding notices of meetings to all known creditors. Preparation of meeting file, agenda & cert of postage Preparation of minutes of meeting – first meeting of creditors Respond to stakeholder queries following meetings
Investigation Hours 36.40 \$16,380.00	Conducting Investigations	Collection of company books & records Review of books & records Review of company nature & history Conducting & reviewing statutory searches Preparation of comparative financial statements Preparation of deficiency statement Review of specific transactions & liaising with director same Prep. & conduct investigation file, disclosure assets, cause failure & other potential recoveries.

CAAAMS Pty Ltd (Administrator Appointed)



SUMMARY OF ACTUAL TASKS UNDERTAKEN

Company	CAAAMS Pty Ltd (Administrator Appointed)
Practitioner	Ezio Senatore
Administration Type	Voluntary Administration
Report Period	16 October 2019 to 12 November 2019

Task Area	General Description	Includes
		Review potential voidable transactions
Administration Hours 23.53 \$5,882.50	Correspondence	General correspondence with various stakeholders.
	Document Maintenance/Checklists	Filing of documents Updating document requisition lists and checklists
	Bank Account Administration	Correspondence to banks opening & closing accounts.
	Insurance	Correspondence to AJG re initial & ongoing policy. Review of insurance policies. Correspondence with previous brokers.
	ASIC Form 524 & Other Forms	Preparing & lodging Forms.505, 507, 531 & others.
	ATO & Other Statutory Reporting	Notifications of appointment.
	Planning / Review	Discussions regarding status of administration.



Annexure “B”



SUMMARY OF ACTUAL TASKS UNDERTAKEN

Company	CAAAMS Pty Ltd (Administrator Appointed)
Practitioner	Ezio Senatore
Administration Type	Voluntary Administration
Report Period	13 November 2019 to 19 November 2019

Task Area	General Description	Includes
Assets Hours 1.00 \$250.00	Plant and Equipment	Collect funds from sale of plant and equipment sold prior to appointment.
	Debtors	Correspondence with debtors.
Creditors Hours 4.60 \$1,150.00	Creditor Enquiries	Receive & follow up creditor enquiries via telephone. Review &/or prepare correspondence to creditors by fax/post/email.
	Creditor reports	Prepared various documents for the purpose of second meeting of creditors. Preparing Administrator's report pursuant to Rule 75-225(3). Prepared remuneration report.
	Dealing with proofs of debt	Receipt & filing POD's (not related to a dividend)



SUMMARY OF ACTUAL TASKS UNDERTAKEN

Company	CAAAMS Pty Ltd (Administrator Appointed)
Practitioner	Ezio Senatore
Administration Type	Voluntary Administration
Report Period	13 November 2019 to 19 November 2019

Task Area	General Description	Includes
	Meeting of Creditors	Forwarding notices of meetings to all known creditors. Prepared and lodged advert on ASIC notices website. Preparation of meeting file, agenda & cert of postage. Preparation of minutes of meeting.
Investigation Hours 3.00 \$1,350.00	Conducting Investigations	Preparing 438D report and lodged with ASIC.
Administration Hours 1.00 \$250.00	Correspondence	General correspondence with various stakeholders.
	Document Maintenance/Checklists	Filing of documents Updating document requisition lists and checklists
	ASIC Form 524 & Other Forms	Preparing & lodging Forms with ASIC.
	Planning / Review	Discussions regarding status of administration.



Annexure “C”



SUMMARY OF FORECAST TASKS TO BE UNDERTAKEN	
Company	CAAAMS Pty Ltd (Administrator Appointed)
Practitioner	Ezio Senatore
Administration Type	Voluntary Administration
Report Period	20 November 2019 to Completion of Liquidation

Task Area	General Description	Includes
Assets Hours 1.00 \$1,000.00	Plant and Equipment	Collect funds from sale of plant and equipment sold prior to appointment.
	Debtors	Correspondence with debtors. Reviewing and assessing debtors ledgers.
Creditors Hours 20.00 \$5,000.00	Creditor Enquiries	Receive & follow up creditor enquiries via telephone. Review &/or prepare correspondence to creditors by fax/post/email.
	Secured Creditor Reporting	Review documentation submitted by PPSR parties concerning their security interests.
	Creditor reports	Prepare Statutory Report to creditors. Send out Statutory Report to creditors.
	Dealing with proofs of debt	Receipt & filing POD's (not related to a dividend)
	Meeting of Creditors	Preparation of minutes of meeting – second meeting of creditors Respond to stakeholder queries following meetings



SUMMARY OF FORECAST TASKS TO BE UNDERTAKEN	
Company	CAAAMS Pty Ltd (Administrator Appointed)
Practitioner	Ezio Senatore
Administration Type	Voluntary Administration
Report Period	20 November 2019 to Completion of Liquidation

Task Area	General Description	Includes
Investigation Hours 22.22 \$10,000.00	Conducting Investigations	Collection of company books & records Review of books & records Review of company nature & history Conducting & reviewing statutory searches Preparation of comparative financial statements Preparation of deficiency statement Review of specific transactions & liaising with director same Prep. & conduct investigation file, disclosure assets, cause failure & other potential recoveries Review potential voidable transactions Lodgement of investigation report with ASIC.
Administration Hours 16.00 \$4,000.00	Correspondence	General correspondence with various stakeholders.
	Document Maintenance/Checklists	Filing of documents Updating document requisition lists and checklists File reviews.
	Bank Account Administration	Correspondence to banks opening & closing accounts. Requesting bank statements. Bank reconciliations.



SUMMARY OF FORECAST TASKS TO BE UNDERTAKEN	
Company	CAAAMS Pty Ltd (Administrator Appointed)
Practitioner	Ezio Senatore
Administration Type	Voluntary Administration
Report Period	20 November 2019 to Completion of Liquidation

Task Area	General Description	Includes
	Insurance	Review of insurance policies. Correspondence with previous brokers.
	ASIC Form 524 & Other Forms	Preparing & lodging Forms with ASIC.
	ATO & Other Statutory Reporting	Notifications of appointment. Preparing BAS
	Finalisation	Notification to ATO of finalisation Cancellation of ABN/GST. Completing & reviews of checklists. Finalising WIP.
	Planning / Review	Discussions regarding status of administration.



Annexure “D”



Summary of receipts and payments Incurred from 16 October 2019 to 13 November 2019.

Receipts	Detail	Amount
CAAAMS Pty Ltd	Cash at Bank	\$61,840.00
Total		<u>\$61,840.00</u>

Payments	Detail	Amount
Macquarie Bank	Bank Charges	\$0.20
Total		<u>\$0.20</u>

Cash at Bank as at 13 November 2019		\$61,839.80
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Annexure “E”



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	✓ ¹	✓	✓
Administrator of a deed of company arrangement	✓ ¹	✓	✓
Creditors’ voluntary liquidator	✓ ¹	✓ ⁵	✗ ³
Court-appointed liquidator	✓ ¹	✓ ^{4, 5}	✓ ²

¹ If there is one.

² If there is no approval by the committee or the creditors.

³ Unless an application is made for a fee review.

⁴ If there is no creditors’ committee or the committee fails to approve the fees.

⁵ 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, 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, 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:

- 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. The IPA website also contains the IPA's Code of Professional Practice for Insolvency Professionals, which applies to IPA members.

FORMAL PROOF OF DEBT OR CLAIM

To the Administrator of CAAAMS Pty Ltd (Administrator Appointed) ACN 607 497 012 (the "Company")
Formerly Trading As South Coast Hospitality NSW

1. This is to state that the company was on 16 October 2019, and still is, justly and truly indebted to:

(full name, ABN and address of the creditor and, if applicable, the creditor's partners. If prepared by an employee or agent of the creditor, also insert a description of the occupation of the creditor) for _____ dollars and _____ cents

Particulars of the debt are:

Date	Consideration	Amount	Remarks
	<i>(state how the debt arose)</i>	\$	<i>(include details of voucher substantiating payment)</i>

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

(insert particulars of all securities held. If the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, show them in a schedule in the following form).

Date	Drawer	Acceptor	Amount	Due Date
			\$	

3. Signed by (select option):

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

Signature: _____ Dated: _____

Name: _____ Occupation: _____

Address: _____

RECEIVE REPORTS BY EMAIL	Yes	No
Do you wish to receive all future reports and correspondence from our office via email?	<input type="checkbox"/>	<input type="checkbox"/>
Email:.....		

If being used for the purpose of voting at a meeting:

- a) Is the debt you are claiming assigned to you? No Yes
- b) If yes, attach written evidence of the debt, the assignment and consideration given. Attached
- c) If yes, what value of consideration did you give for the assignment (eg, what amount did you pay for the debt?) \$ _____
- d) If yes, are you a related party creditor of the Company? No Yes
(if you are unsure contact the Administrator)

CORPORATIONS ACT 2001

APPOINTMENT OF PROXY
 CREDITORS MEETING

CAAAMS Pty Ltd (Administrator Appointed)
 Formerly Trading As South Coast Hospitality NSW
 ACN 607 497 012 (the "Company")

*I/*We (1)
 of
 a creditor of CAAAMS Pty Ltd (Administrator Appointed), appoint (2)

 or in his or her absence

as *my/our *general/special proxy to vote at the meeting of creditors to be held on Wednesday, 20 November 2019 at 10:00am at the offices of Chartered Accountants Australia And New Zealand, Level 10, 60 Marcus Clarke Street, Canberra ACT 2601 or any adjournment of that meeting, or at any adjournment of that meeting.(3)

Voting by Proxy (please tick)

This proxy is to be used as a **general proxy** to vote on all matters arising at the relevant meeting,

OR

This proxy is to be used as a **special proxy** to vote on the following matters as specifically indicated below:

Resolutions	For	Against	Abstain
1. That the company be wound up.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. That the administration end and control of the company be handed back to the director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. "That the actual remuneration of the Administrator, his staff and sub-contractors from 16 October 2019 to 12 November 2019 are all proper costs, charges and expenses of and incidental to the Administration, and that same be fixed on a time basis at rates calculated in accordance with Eddie Senatore Advisory's Schedule of Hourly Rates, in the amount of \$40,450.00 plus GST as stipulated in the Administrator's Remuneration Report dated 13 November 2019 and that the Administrator be authorised to make periodic payments on account of such accruing remuneration. Out of pocket expenses and disbursements plus GST are additional."	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolutions		For	Against	Abstain
4.	"That the forecast future remuneration of the Administrator, his staff and sub-contractors from 13 November 2019 to 19 November 2019 are all proper costs, charges and expenses of and incidental to the Administration, and that same be capped on a time basis at rates calculated in accordance with Eddie Senatore Advisory's Schedule of Hourly Rates, up to a limit of \$3,000.00 plus GST as stipulated in the Administrator's Remuneration Report dated 13 November 2019 and that the Administrator be authorised to make periodic payments on account of such accruing remuneration. Out of pocket expenses and disbursements plus GST are additional."	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.	"That the forecast future remuneration of the Liquidator, his staff and sub-contractors from 20 November 2019 until completion of the Liquidation are all proper costs, charges and expenses of and incidental to the Liquidation, and that same be capped on a time basis at rates calculated in accordance with Eddie Senatore Advisory's Schedule of Hourly Rates, up to a limit of \$20,000.00 plus GST as stipulated in the Administrator's Remuneration Report dated 13 October 2019 and that the Liquidator be authorised to make periodic payments on account of such accruing remuneration. Out of pocket expenses and disbursements plus GST are additional."	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.	"That subject to obtaining the approval of the Australian Securities and Investments Commission under section 70-35(3) of the Insolvency Practice Schedule, the books and records of the company and of the Liquidator be disposed of by the Liquidator 6 months after the dissolution of the company or earlier at the discretion of the Australian Securities and Investments Commission."	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Dated this _____ day of _____ 2019.

Signature

CERTIFICATE OF WITNESS

This certificate is to be completed only if the person giving the proxy is blind or incapable of writing. The signature of the creditor, contributory, debenture holder or member must not be witnessed by the person nominated as proxy.

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 or her before he or she signed or marked the instrument.

Dated:
Signature of Witness:
Description:
Place of Residence:

* Strike out if inapplicable

- (1) If a firm, strike out "I" and set out the full name of the firm.
- (2) Insert the name, address and description of the person appointed.
- (3) If a special proxy add the words "to vote for" or the words "to vote against" and specify the particular resolution.

Proxy forms must be completed and returned by no later than 4.00pm on the day prior to the meeting to be eligible to vote at the meeting.

RETURN TO: CAAAMS Pty Ltd (Administrator Appointed)
Care of: Eddie Senatore Advisory
Address: PO Box 3481, MANUKA ACT 2603
Phone: (02) 6100 3435
Email: hello@eddiesenatore.com