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SENATORE**

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7 May 2020

To the creditor as addressed

Dear Sir or Dear Madam

SAK Coffee Pty Ltd (In Liquidation) As Trustee For SAK Coffee Unit Trust Formerly Trading As The Coffee Club Batemans Bay ACN 153 626 361 (the "Company")

As you are aware, I was appointed Liquidator of the Company on 25 October 2019.

I now enclose:

1. Detailed report on the current position of the liquidation; and
2. Remuneration Report.

Please contact my office should you require further information.

Yours faithfully

Ezio Senatore
Liquidator

Date of Appointment: 25 October 2019
Contact name: Ezio (Eddie) Senatore
Contact number: (02) 6100 3435
Email: hello@eddiesenatore.com



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(In Liquidation)
As Trustee For
SAK Coffee Unit Trust
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ACN 153 626 361
(the “Company”)**

Report to Creditors

7 May 2020



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1. Executive Summary

1.1 Appointment

I, Ezio (Eddie) Senatore of Eddie Senatore Advisory, Registered Liquidator, Unit 2, 16 Bougainville Street, Griffith ACT 2603 was appointed Liquidator of the Company on 25 October 2019.

I hereby submit the following report to creditors.

You are welcome to contact me to discuss any aspect of this liquidation.

1.2 Purpose of Report

This report provides an update on the external administration to date. This report will provide creditors with information on:

- The progress of the liquidation;
- The estimated assets and liabilities of the Company;
- The inquiries I have made to date;
- Further inquiries needed to be made;
- What happened to the business of the Company;
- The likelihood of a dividend being paid to creditors; and
- Any possible recovery actions.

1.3 Progress of Liquidation

This report has been prepared based on my investigations including a review of the Company's financial information. Whilst I have endeavoured to determine the accuracy or otherwise of the information provided, I am unable to warrant the accuracy, completeness or reliability. I reserve the right to alter any conclusion or recommendation in this report on the basis of further information that may become available.

A brief overview of the steps I have taken in this liquidation is provided below:

- Opened a liquidation bank account;
- Contacted all banks in order to secure Company funds held in any bank account;
- Liaising with Company's bankers in regard to existing and opening new bank accounts;
- Review of general insurance requirements;
- Discussions with the Company's Directors;
- Notified service providers to advise of the appointment of the liquidator and cease all services in the name of the Company;
- Received and reviewed proofs of debt;
- Corresponded with various State and Territory Government agencies;
- Searched personal property securities (PPS) registered on the PPS Register (PPSR);
- Corresponded with PPS holders registered on the PPSR;
- Lodgements and notifications of appointment with relevant statutory bodies;
- Preparation and dissemination of initial circular to creditors;



- Preparation and dissemination of the statutory report to creditors;
- Preparation of creditor updates and correspondence to creditors;
- Bank reconciliations;
- Company, individual and land title searches;
- Sought and obtained the books and records of the Company from various parties;
- Examined the Company's books and records that have been provided in detail;
- Liaising with the Company's accountant and Directors in order to seek information regarding the Company's affairs;
- Examined the Company's books and records to determine if there are any recoveries pursuant to Part 5.7B of the Corporations Act 2001 ("the Act"), which includes unfair preference action, insolvent trading action against the Directors and potential uncommercial transactions and/or unreasonable Director related transactions;
- Undertook an insolvency analysis to determine if the Company traded whilst insolvent;
- Examined the Company's books and records to determine if there are undisclosed assets of the Company;
- Contacted Australian And New Zealand Banking Group ("ANZ") to recover funds received from sale of business; and
- Initial examination of the Company's affairs to determine if the Directors have complied with their obligations.

1.4 Receipts and Payments

A summary of my receipts and payments to date is included in my remuneration report attached to this circular.

1.5 Summary of Initial Investigations

My inquiries confirmed that the Company traded whilst insolvent from at least 30 June 2015, if not earlier. My inquiries in relation to the Company's Directors capacity to satisfy insolvent trading claims indicate that the claims are uncommercial to pursue. I have requested creditors consider funding me further to conclude my investigations in this regard. Should funding not be forthcoming I will proceed to finalise the insolvent trading claims against the Directors.

1.6 Remuneration

Refer to my remuneration report attached to this circular, I will be seeking a further \$53,997.50 in remuneration.

1.7 Next Steps

To progress the liquidation, the following matters will be undertaken as next steps:

- Collection of funds from sale of business from the ANZ;
- Finalise inquiries in respect of potential voidable transactions under Part 5.7B of the Act;
- Completing ongoing statutory obligations; and
- Preparation and dissemination of progress reports to creditors.



2. Meeting of Creditors

If I receive a request for a meeting complying with the guidelines set out in the initial information provided to you, I will hold a meeting of creditors. Otherwise, and pending further progress of my investigations into the affairs of the Company, I do not intend to call a meeting of creditors at this time.

3. Company Background

3.1 History of the Company

Detailed below is information regarding the Company obtained from the ASIC searches as at the date of my appointment.

Company Details

Information	Details
Commencement Date	1 May 2014
Registered Office	Bates & Pickering Level 1, 11 Fitzroy Street Forrest ACT 2603
Principal Place of Business	65 Mackenzie Street Hackett ACT 2606

3.2 Directors and Officers

Detailed below is information regarding the directors and secretaries of the Company obtained from the ASIC searches as at the date of my appointment.

The following Directors are disclosed:

Director	Appointment Date	Cease Date (if applicable)
Sarah Elizabeth Jennett	7 October 2011	Current
Kelly Maree Woodland	7 October 2011	Current

The ASIC database indicates the following Secretary of the Company:

Secretary	Appointment Date	Cease Date (if applicable)
Sarah Elizabeth Jennett	7 October 2011	Current



3.3 Security Interests

A search of the Personal Property Security Register ("PPSR") indicates a security interest registered against the Company. This will be further discussed in section 3.7 of this report.

3.4 The Business of the Company

The Company commenced operations on 7 October 2011, the Company's registered office was at Bates & Pickering, Level 1, 11 Fitzroy Street, Forrest ACT 2603 and the Company's principal place of business was 65 Mackenzie Street, Hackett ACT 2606.

The business of the Company was a coffee shop trading through the franchise, The Coffee Club at the Village Centre, Shop G5/1 Perry St, Batemans Bay NSW 2536. The business of the Company was sold prior to my appointment on 16 November 2018. After the business of the Company was sold, the Company ceased to trade.

3.5 Events leading up to Liquidation

The Directors stated the reason the Company ceased to trade was due to the business of the Company being sold.

A review of the Company's financial statements indicates that the Company was experiencing cash flow issues, with the Company experiencing both losses and balance sheet deficiencies from FYE 2015 to the date the business of the Company was sold, due to increasing operating costs.

The Company did report profits after the business of the Company was sold, however the profits are due to funds being received from the sale of business and not a result of trading.

3.6 Books and Records

Failure to maintain books and records may be relied upon by a liquidator in an application for compensation for insolvent trading and other actions for recoveries pursuant to Division 2 of Part 5.7B of the Act.

The Company's books and records have been received and in my opinion, given the size and nature of the business operated by the Company, it appears that the Company's books and records are adequate to comply with section 286 of the Act.

3.7 Report on Company Activities and Property (ROCAP)

A ROCAP provides information on the financial position of the Company as at the date of appointment of a liquidator. This is completed by a company's director. I confirm the Directors of the Company have completed a ROCAP.

Should any creditor wish to inspect or obtain a copy of the ROCAP please contact me.

The Directors advised in their ROCAP that the business of the Company was sold prior to my appointment.



A summary of the assets and liabilities of the Company is as follows:

Summary of Assets and Liabilities

Details	Directors SoA	Estimated Realisable Value
	\$	\$
Assets		
Cash At Bank	2,052	1,946
Other Assets	30,000	30,000
Total Assets	32,052	31,946
Liabilities		
Priority Creditors	46,440	51,034
Accounts Payable	46,438	205,558
Total Liabilities	\$92,878	\$256,593
Estimated surplus / deficiency	(\$60,826)	(\$224,646)

Assets

Cash at Bank

As at the date of my appointment correspondence was sent to all banks requesting details of any bank accounts.

My inquiries indicated the Company operated a bank account with the ANZ.

The ANZ advised that the Company had two (2) loan accounts, a business savings account and business transaction account.

The Company's two (2) loan accounts had a balance of \$181,391 owing.

The Company's business savings account and business transaction account had a credit balance of \$1,946.

Correspondence has been sent to the ANZ to request the balance of funds in the Company's bank accounts be remitted.

No other bank accounts in the name of the Company have been identified to date.

Cash on hand

The Directors Summary of Affairs ("SoA"), detailed no cash on hand held by the Company as at the date of my appointment.



A review of the Company's balance sheet as at the date of my appointment indicated that the Company had cash on hand in the amount of \$10.

As this amount is minimal, no further investigation will be conducted in relation to this amount.

Sale of Business

Prior to my appointment the business of the Company was sold as a going concern, in the amount of \$150,000 to an unrelated entity, with \$90,000 being received in cash and the balance of \$60,000 being paid pursuant to a vendor finance agreement.

I have determined the sale to be a commercial sale, as the Company's assets as at the date of the sale of business, as per the internally prepared financial statements were valued at \$109,406, with the business of the Company not making a profit since FYE 2014, indicating that the sum received was a commercial amount.

As at the date of my appointment, there was approximately, \$30,000 including interest, still payable by the purchaser, to be paid to the ANZ pursuant to the vendor finance agreement, which was to be paid in equal monthly payments of \$2,687.

A review of the PPSR as at the date of my appointment, indicated that the ANZ did not register their security interest in relation to the vendor finance agreement on the PPSR.

I subsequently wrote to the ANZ requesting that these funds be remitted to the Company in liquidation, as these were funds being received from the sale of the Company's assets and that they did not register their security interest in relation to the vendor finance agreement on the PPSR.

To date, I have received a total of \$18,812 from the ANZ, being the funds received from the purchaser from the date of my appointment to the date of this report, pursuant to the vendor finance agreement, with the balance of funds to be received from the purchaser over the course of the next 4 months.

Interest in Land

The Directors SoA indicated that the Company had no Interest in land as at the date of my appointment.

Land title searches in the all the States and Territories of Australia were conducted and confirm that the Company has no interest in land as at the date of my appointment.

No further investigation will be conducted in relation to the Company's Interest in land.

Liabilities

Priority Creditors



As at the date of my appointment the Directors advised there was \$46,440 owing to priority creditors relating to outstanding superannuation.

The ATO has provided a proof of debt advising that outstanding superannuation is the amount of \$51,034.

In the event of a dividend, this amount will be further investigated.

Secured Creditors/PPSR

The Coffee Club (Properties) Pty Ltd, The Coffee Club (NSW) Pty Ltd, The Coffee Club (VIC) Pty Ltd And The Coffee Club Franchising Company Pty Ltd ("The Coffee Club")

A review of PPSR as at the date of my appointment, indicated that the Company had a single registered security interest by four (4) different parties, being;

- The Coffee Club (Properties) Pty Ltd;
- The Coffee Club (NSW) Pty Ltd;
- The Coffee Club (VIC) Pty Ltd; and
- The Coffee Club Franchising Company Pty Ltd

Correspondence was sent to abovementioned secured parties as at the date of my appointment advising of my appointment as liquidator of the Company.

To date no response has been received.

Unsecured Creditors

The Directors advised as at the date of my appointment that unsecured creditors of the Company were owed a total of \$46,438.

My inquiries to date indicates a total of 10 unsecured creditors totalling \$205,558 are owed by the Company, details of which are below:

Unsecured Creditor	Amount \$
ANZ Banking Group	181,391
Bates & Pickering	9,900
Origin Energy	3,654
Lion Drinks & Dairy	3,193
Australian Taxation Office	2,523
Climate Control	2,155
Bunzl	1,571
Alsco	859



Zoo Media	163
Ecolab	145
Total	\$205,558

The main difference between the value of creditors advised by the Company's Directors and the value of the creditors that I have determined from my inquiries into the affairs of the Company's, is due to the amount of \$181,391 owing to the ANZ, not being included as a creditor by the Directors.



Deficiency Analysis

A deficiency analysis has been undertaken.

Based on the information provided by the Directors and from my inquiries to date, I estimate the net deficiency (loss) to creditors to be approximately \$224,646, before the costs of the liquidation.

This deficiency is calculated as follows:

Summary of Assets and Liabilities

Details	Directors SoA	Estimated Realisable Value
	\$	\$
Assets		
Cash At Bank	2,052	1,946
Other Assets	30,000	30,000
Total Assets	32,052	31,946
Liabilities		
Priority Creditors	46,440	51,034
Accounts Payable	46,438	205,558
Total Liabilities	\$92,878	\$256,593
Estimated surplus / deficiency	(\$60,826)	(\$224,646)



The deficiency can be explained as follows:

Deficiency Of Assets To Liabilities		\$224,646
Accumulated Years Losses		
Financial Year Ending	Amount \$	Accumulated \$
June 2015	(45,915)	
June 2016	(34,832)	
June 2017	(38,298)	
June 2018	(45,212)	
June 2019	57,761	
25 October 2019	-	(\$106,496)

Detail	Book Value \$	Estimated Realisable Value \$	Total \$
Total Accumulated Years Losses			(\$106,496)
Assets			
Cash on Hand	10	-	
Cash at Bank	1,208	1,946	
Coffee Club Vouchers	288	-	
Sale of Business Proceeds	150,000	30,000	
Difference between ERV and Book Value	\$151,507	\$31,946	(\$119,560)
Adjusted Accumulated Years Losses			(226,057)
Deficiency of Assets to Liabilities			224,646
Variance			(\$1,410)

As seen from the above, the deficiency to creditors appears to relate to trading losses incurred by the Company from June 2015 to the date of appointment.



3.8 Historical Financial Performance

The following is a summary of the Company's financial position from FYE 2017 to the date of my appointment:

Comparative Balance Sheets				
	As at 25 October 2019	Internally Prepared FYE 2019	Internally Prepared FYE 2018	Externally Prepared FYE 2017
	\$	\$	\$	\$
Trust Funds				
Settlement Sum	10	10	10	10
Accumulated Profits (Losses) B/F	(150,349)	(150,349)	(105,137)	(66,839)
Profit Earned This Year	89,354	89,354	(45,212)	(38,298)
Total Trust Funds	(60,985)	(60,985)	(150,339)	(105,127)
Assets				
Current Assets				
Cash on Hand	10	10	10	10
Cash at Bank	(24,232)	(24,232)	7,463	7,165
Eftpos Clearing Account	(6,971)	(6,971)	-	-
Vendor Finance Allvel Group	60,000	60,000	-	-
Online Saver	18	18	18	97
Payments In Advance	-	-	-	2,537
Gift Vouchers	288	288	288	710
Stock On Hand	5,120	5,120	5,120	4,540
Electronic Clearing Account	1,190	1,190	-	-
Total Current Assets	35,422	35,422	12,900	\$15,059
Non -Current Assets				
Plant & Equipment	241,615	241,615	241,615	241,615
Less: Accumulated Depreciation	(145,324)	(145,324)	(145,324)	(145,324)
Goodwill	10,000	10,000	10,000	10,000
Total Non-Current Assets	106,291	106,291	106,291	\$106,291
Total Assets	141,714	141,714	119,192	\$121,350
Liabilities				
Current Liabilities				
Loan Tuggeranong Store	63,034	63,034	47,400	29,600
Trade Creditors	21,923	21,923	56,227	48,204
Other Creditors	16,275	16,275	19,287	57,737
Beneficiary Entitlements	-	-	-	(90,126)
GST Collected/Paid	(8,616)	(8,616)	6,260	7,062
PAYG Withholding	-	-	4,677	-
Superannuation Payable	47,261	47,261	46,804	-
Unpaid Entitlements Barr FT	(77,976)	(77,976)	(\$77,976)	-
Unpaid Entitlements Jennett FT	(13,148)	(13,148)	(7,148)	-
Suspense	5,124	5,124	-	-
Total Current Liabilities	53,876	53,876	95,531	\$52,477
Non-Current Liabilities				
ANZ Loan #6762 200038	148,822	148,822	174,000	174,000
Total Non-Current Liabilities	148,822	148,822	174,000	174,000
Total Liabilities	202,699	202,699	269,531	\$226,477
Net Assets/(Deficiency)	(60,985)	(60,985)	(150,339)	(\$105,127)



The Company's financial performance from FYE 2017 to FYE 2019 is summarised as follows:

Detail	Internally Prepared FYE 2019	Internally Prepared FYE 2018	Externally Prepared FYE 2017
Revenues	343,806	1,013,506	966,164
Other Revenue	160,363	-	3,377
Less: Costs	107,053	291,329	253,997
Gross Profit	397,116	722,176	715,544
Less Expenses	339,355	767,389	753,842
Net Profit	57,761	(45,212)	(38,298)
Gross Profit Ratio	68.86%	71.26%	74.06%
Net Profit Ratio	(29.84%).	(0.04%)	(0.04%)

I provide the following explanation in relation to the ratios detailed in the table above;

The gross profit ratio is a profitability ratio that shows the relationship between gross profit and total net sales revenue. It is a popular tool to evaluate the operational performance of a business.

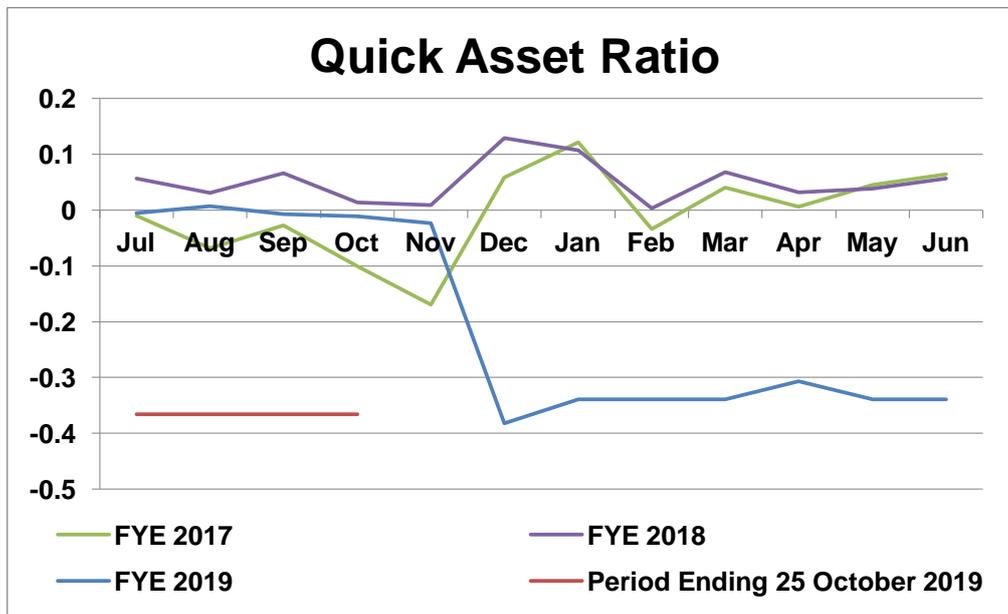
The net profit percentage is the ratio of profits to net sales. It reveals the remaining profit after all costs of production, administration, and financing have been deducted from sales.

A good target for gross profit ratio is 50%; and a good target for net profit ratio is above 10%.

As seen from the above table, the Company's gross profit ratio was above 50% for all the financial years, however the Company's net profit ratio was also well below 10%, which appears to be the reason for the failure of the Company, as the Company's expenses were greater than the Company's profit, and the Company's business kept carrying losses year on year until it was eventually unable to continue trading and was sold.



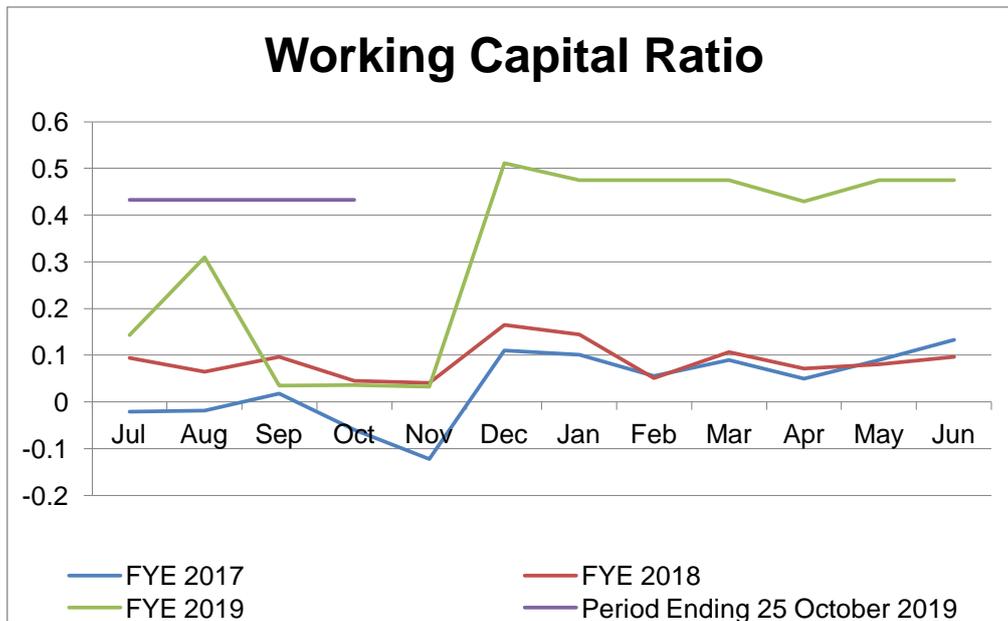
A summary of the Company's key financial indicators is set out below.



The quick asset ratio is a liquidity ratio that measures the ability of a company to pay its current liabilities when they become due with only quick assets, being cash, cash equivalents, short-term investments, marketable securities, and current accounts receivable.

A company with a quick asset ratio of 1 indicates that a company could pay off its current liabilities without selling any long-term assets.

As seen from above, the Company's quick asset ratios were well below 1 during from FYE 2017 to the period ending 25 October 2019, indicating the Company's inability to pay of its creditors during FYE 2017 to the period ending 25 October 2019.



The working capital ratio is a measure of a business's liquidity, revealing whether a business can pay its obligations. The ratio is the relative proportion of an entity's current assets to its current liabilities, and shows the ability of a business to pay for its current liabilities with its current assets.

A company with a working capital ratio of 1 indicates that current assets equal current liabilities and shows the Company's ability to pay off its current liabilities without selling any long-term assets.

A review of the Company's working capital ratios, as seen from the above graph, indicates that for each month from the start of FYE 2017 to the period ending 25 October 2019 that the Company's working capital ratio was never above 1. It can be seen that trading was relatively consistent year to year and the Company was showing no signs of improvement.

The only time the Company managed to have a working capital ratio above 0.35 was when the business of the Company was sold in November 2018.

4. Asset Realisations

To date, I have recovered an amount of \$18,812 of the \$30,000 still owing from the purchaser of the business, with the remaining amount to be received over the course of the next 4 months.

5. Investigations

5.1 Overview

As liquidator, I am required to investigate the affairs of the Company. The purpose of these investigations is to identify matters which require a more detailed review, as well as



determining any causes of action (legal claims) and other potential sources of recovery, such as loan accounts, that might be available for the benefit of creditors of the Company.

I am also required to lodge a report pursuant to section 533 of Act where it appears that any past or present officer of the Company may have committed an offence or where a dividend to unsecured creditors of less than 50 cents in the dollar is paid.

I have considered whether there are transactions where money, property or other benefits may be recoverable as liquidator under Part 5.7B of the Act. These are discussed further below.

I have undertaken an investigation of the affairs of the Company in relation to suspected contraventions of sections 180 - 184 of the Act regarding the general duties of directors and officers. I have submitted my report to ASIC pursuant section 533 of the Act. I confirm I have not identified nor reported any contraventions for breaches of the Act by the Directors, however I am still waiting for clearance from ASIC.

5.2 Approach to Preliminary Investigations

From my preliminary investigation, I have:

- Identified, reviewed and analysed financial and other information; and
- Undertaken searches of various publicly available databases, including ASIC and PPSR.

5.3 Voidable Transactions

As the Company has been placed into liquidation, certain transactions may be investigated and recovered by me. Recovery of any voidable transaction may be expensive and likely to require Court applications and litigation. As such, should there be inadequate funds available, or I consider it uncommercial or not in the creditors' best interests, such recovery actions may not be commenced.

In these circumstances, creditors wishing to fund any such actions may do so. Should any funds be recovered from these actions, the creditors providing the funding may be entitled to receive their contribution in priority to other creditors.

Litigation insurance or litigation funding may also be available to fund potential actions.

However, such funding is generally only available where legal advice indicates that there is a strong likelihood for a successful outcome.

I provide the following information in relation to voidable transactions:

Unfair Preferences Payments (Section 588FA)

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 liquidator which could be considered preferential in nature and recoverable.



I have identified potential unfair preference payments to the ANZ for the amounts received from the vendor finance agreement, prior to my appointment. This matter has been referred to my solicitor.

I will update creditors in the event I make a recovery that has a material effect on the outcome of the liquidation.

Uncommercial Transactions (Section 588FB)

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

As discussed previously, my review of the sale of business agreement indicates that it was a commercial transaction.

Arrangements to Avoid Employee Entitlements (Section 596AB)

I have not identified any transactions of this nature.

Circulating Security Interests Created Within Six Months (Section 588FJ and FL)

A search of the PPSR reveals no circulating security interests created in the six (6) months prior to the relation back day.

Unreasonable Director-Related Transactions (Section 588FDA)

I have not identified any unreasonable director related transactions to date.

Unfair Loans (Section 588FD)

My investigations have not identified any unfair loans.

Creditor-Defeating Disposition (Section 588FDB)

This law only came into effect from 18 February 2020 and only applies to debts incurred or dispositions made after 18 February 2020.

As my appointment was 25 October 2019, this law would be not applicable, however I can confirm that I have not identified any creditor defeating dispositions by the Company or its Directors to date.

5.4 Insolvent Trading

Directors can be held personally liable for the debts of a company in certain circumstances.

The Act provides that directors owe a duty of care not to incur debts at a time when a company is insolvent or would become insolvent by incurring the debt (section 588G of the Act). If there are reasonable grounds for suspecting that a company would become insolvent, then a director can be held personally liable for any debts incurred after that time.



The Act provides that a liquidator may seek to recover compensation for such debts incurred from the directors of a company.

I advise pursuing claims for insolvent trading are often drawn out and involve significant cost.

Creditors should also be aware any successful claim may be set-off by a director against amounts due to that individual by way of unsecured advances or loan accounts. In this regard, I note that no Directors are owed money by the Company.

I have conducted my inquiries in relation to insolvent trading claims against the Directors of the Company and I have deemed the claims uncommercial to pursue.

Should any creditor want to fund an action for insolvent trading against the Directors of the Company, creditors are requested to contact my office prior to Friday, 29 May 2020 in order to discuss.

Should no funding be provided by any creditor of the Company for insolvent trading action against the Directors, I will proceed to finalise the insolvent trading claims against the Directors.

Defences

The Act provides a number of possible defences to Directors to a claim for insolvent trading. These defences are:

- At the time a debt was incurred, a director had reasonable grounds to expect and did expect the company was solvent and would remain solvent if it incurred that debt and any other debts that it had incurred at that time.
- At the time the debt was incurred, a director had reasonable grounds to believe and did believe that a competent and reliable person was responsible for providing information about the company's solvency and that person was fulfilling that responsibility.
- A director through illness or some other good reason were not taking part in the management of a company at the time the debt was incurred.
- The directors took all reasonable steps to prevent a company from incurring the debt.
- The directors took a 'safe harbour' course of action that resulted in a better return to creditors than immediately entering into external administration.

Timing of Insolvency

The Act states a company is considered to be solvent if, and only if, the company is able to pay its debts as and when they become due and payable. A company that is not solvent is insolvent. Accordingly, the test for insolvency is not a balance sheet test but rather a cash flow test.



Results of Investigations

My investigations indicate that the Company has been trading whilst insolvent from at least FYE 2015, if not earlier, as this is when the Company started to experience trading losses and balance sheet deficiencies, which occurred right up until the business of the Company was sold.

As previously stated, I have deemed insolvent trading claims against the Directors uncommercial to pursue, however should any creditor want to fund insolvent trading claims against the Directors of the Company, they are requested to contact my office, prior to Friday, 29 May 2020 to discuss.

Further Inquiries

In order to finalise my investigations, further inquiries will be completed in relation to the unfair preference against the ANZ.

Funding of Further Investigations

In relation to pursuing voidable transactions, including insolvent trading, money for the recovery of such actions would come from the assets of the Company. If there were insufficient funds from the assets of the Company, alternative options are:

- Funding by creditors - if funding was received from creditors, section 564 of the Act provides the Court with the power to make orders in favour of creditors who have provided an indemnity for costs of litigation or costs of the liquidator, where those creditors may be given an advantage over other creditors in consideration of the risk assumed by creditors. An advantage may include the distribution of some or all of the net proceeds from that action that was funded to the creditor that provided the funding or indemnity in priority to creditors with whom that creditor would normally be ranked. ***Creditors are requested to contact me should they wish to consider funding any action noted in this report.***
- Funding from a litigation funder - a litigation funder is an organisation that provides funds for the pursuit of legal actions. The funding typically covers the costs of lawyers, barristers and the external administrator and provides an indemnity for any adverse cost order if the legal action is unsuccessful. The agreement with the litigation funder usually provides for a substantial amount of any return to be paid to them. ***A litigation funder only takes on actions that it considers to have a high probability of success and is likely to result in a substantial return. This is not the case in this matter.***
- ASIC's Assetless Administration Fund – this fund finances preliminary investigations and reports by liquidators into the failure of companies with few or no assets, where it appears that enforcement action may result from the investigation and report. A particular focus of the fund is to curb fraudulent phoenix activity. ***I will not be seeking funds from ASIC, as I have reviewed the criteria and do not consider that an application for funding would be successful.***



- Fair Entitlements Guarantee (FEG) Recovery Program – this program provides funding for pursuing recovery proceedings, including litigation, to increase assets available to creditors in the winding up where there have been amounts advanced under FEG. **FEG is not a creditor in this matter. As a result, no funding is likely from this source.**

Any creditor willing to fund any recovery action is requested to contact me.

5.5 Offences

On my examination of the Company's affairs to date I have not identified any offences committed by the officers of the Company.

5.6 Limitation of Investigations

The opinion outlined above is based on investigations undertaken by my office into the Company's affairs, business and financial position. My investigations have been based on the following information:

- Representations of the Directors;
- The details of the Company's assets and liabilities;
- The books and records of the Company; and
- Publicly available searches.

5.7 Offences in Relation to the Companies – Section 533

Any offences committed by the Directors have been included in my report to ASIC under section 533 of the Act.

6. Likelihood of a Dividend

At this stage of the liquidation there will be no dividend paid in this liquidation. However, this is subject to the outcome of any recoveries from antecedent transactions.

7. Outstanding Matters

The following matters still need to be completed and further inquiries made, prior to the finalisation of the liquidation:

- Collect balance owed from sale of business; and
- Finalise investigations into voidable transactions.

It is expected that the liquidation will be completed within the next 6 months, due to funds still to be recovered from the sale of the Company's business, which are received monthly



and recovery of unfair preference against the ANZ. However, completion may be delayed if any of the following occur:

- Delay in funds being received from purchaser of the business;
- Recovery actions are pursued; or
- ASIC commences litigation against an officer of the Company, including a Director.

8. Further Information Available to Creditors

The Australian Restructuring Insolvency and Turnaround Association (ARITA) provides information to assist creditors with understanding liquidations and insolvency. This information is available from ARITA's website at www.arita.com.au.

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

If further information becomes available on the progress of the liquidation, I may distribute a further report to creditors.

Creditors requiring further information regarding the liquidation can contact me.

Yours faithfully

Ezio Senatore
Liquidator

Date of Appointment: 25 October 2019
Contact name: Ezio (Eddie) Senatore
Contact number: (02) 6100 3435
Email: hello@eddiesenatore.com



Remuneration Approval Report

SAK Coffee Pty Ltd (In Liquidation) As Trustee For SAK Coffee Unit Trust Formerly Trading As The Coffee Club Batemans Bay ACN 153 626 361 (the "Company")

This remuneration approval report provides you with the information you need to be able to make an informed decision regarding the approval of my remuneration for undertaking liquidation of the Company

This report has the following information included:

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What do you need to do next?

You should read this report and the other documentation that I have sent you.

To minimise the costs in this liquidation, I have elected to seek the approval of creditors for my remuneration and internal disbursements without a meeting. Information about the proposals without a meeting process is included at Appendix 4 of this report.

You can cast your vote by using the included voting forms. These forms then need to be returned to my office by post or scanned and emailed. I need to receive your forms by **Friday, 29 May 2020** for your vote to count. If you chose to use post, please allow enough time for your letter to be delivered.

If you have any questions, or need any assistance with understanding the materials I have sent to you, please contact Eddie Senatore on (02) 6100 3435 or via email on hello@eddiesenatore.com.

Part 1: Declaration

I, Eddie Senatore of Eddie Senatore Advisory have undertaken a proper assessment of this remuneration claim for my appointment as liquidator of the Company in accordance with the law and applicable professional standards. I am satisfied that the remuneration claimed is in respect of necessary work, properly performed, or to be properly performed, in the conduct of the liquidation.

Part 2: Executive Summary

In a circular dated 31 October 2019, creditors approved my remuneration by proposals for the period 25 October 2019 to the conclusion of the winding up.

The following table highlights the past remuneration approved by creditors and the current remuneration approval being sought.



Period 25 October 2019 to the conclusion of the winding up	Period	Actual/ Forecast \$	Report Reference	Amount (ex GST) \$
Past remuneration approved: <i>Total past remuneration approved</i>	For period 25 October 2019 to the conclusion of the winding up	Forecast	N/A	20,000.00*
Current remuneration approval sought:				
Liquidation Resolution No.1 for the period 25 October 2019 to 6 May 2020	From 25 October 2019 to 6 May 2020	Actual	3.2	58,997.50
Liquidation Resolution No. 2 for the period 7 May 2020 to the conclusion of the winding up.	From 7 May 2020 to the conclusion of the wind up.	Forecast	3.2	15,000.00**
<p>*This remuneration approval has been superseded by the actual remuneration incurred during the period 25 October 2019 to 6 May 2020.</p> <p>** Approval for the 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.</p>				

As highlighted in the table above, creditors have previously approved the remuneration of the Liquidator for the period 25 October 2011 to the conclusion of the winding up to an amount of \$20,000.00 (not Incl. GST).

I am requesting that creditors consider a resolution to approve the remuneration of the Liquidator in the amount of \$73,997.50 plus GST. This amount represents additional remuneration of \$53,997.50 for the period 25 October 2019 to the conclusion of the liquidation, which for the purposes of clarity creditors will be requested to consider a resolution for the remuneration of the Liquidator from 25 October 2019 to 6 May 2020 in the amount of \$58,997.50 plus GST. The balance of the additional remuneration sought in the amount of \$15,000.00 represents estimated costs attributed to outstanding work in order to finalise the liquidation.

Summary of Liquidator's Remuneration & Resolutions

My initial remuneration report to creditors dated 31 October 2019 creditors were advised that the costs attributed to the liquidation phase would amount to \$20,000.00. As noted in the table above, the amount incurred in Liquidators remuneration has exceeded the initial estimate amount by \$38,997.50 in actual costs, with a further \$15,000.00 being sought to carry out remaining necessary work until the conclusion of the winding up.

The extra costs of the period of the liquidation have been attributed in dealing with the following issues:

- Unforeseen additional time (approximately 3.70 hours) spent by members of staff and sub-contractors in dealing with "Assets" matters including liaising with the purchaser of the business,



purchaser of the businesses solicitor and the Australian And New Zealand Banking Group ("ANZ") in relation to the collection of the sale of business proceeds. The cost of this additional time is approximately \$925.00.

- Unforeseen additional time (approximately 20.80 hours) spent by members of staff and sub-contractors in dealing with "Creditors" matters including liaising with certain creditors on a regular basis via email and telephone on the progress of the administration and the preparation of creditors reports. The cost of this additional time is approximately \$5,200.00.
- Unforeseen additional time (approximately 57.37 hours) spent by members of staff and sub-contractors in dealing with "Investigations" matters including liaising with directors and directors accountant in relation to transactions, collection of books and records, specifically banking records from the ANZ, pursuing legal recoveries, including referring unfair preference recovery to the solicitor. Investigation in relation to PPSR creditor claims and demands to ANZ advising they had not registered their security interest, finalising insolvent trading claims and the uncommercial transaction. The cost of this additional time is approximately \$25,817.50.
- Unforeseen additional time (approximately 28.22 hours) spent by members of staff and sub-contractors in dealing with "administration" matters including incoming and outgoing correspondence between the case manager and various stakeholders, bank administration, review and planning discussions, general reporting to and lodgements of documentation with the Australian Taxation Office (ATO) and ASIC, dealing with the ATO directly in respect of BAS issues generally and dealing with insurance matters. The cost of this additional time is approximately \$7,055.00.

The additional remuneration being sought to administer the liquidation to finalisation is attributed to the unforeseen additional time as discussed above and outstanding work needed to be undertaken, which is as follows:

- Finalise unfair preference claim against the ANZ;
- Collection of funds owed from the ANZ for sale of business;
- Discharge statutory obligations with ASIC, the ATO and other regulatory authorities; and
- Attend to all tasks associated with finalising the administration.

I draw the attention of creditors that the approval for the actual or forecast remuneration sought is based on work already undertaken and that which has been deemed necessary to complete the administration. Should additional work be necessary beyond what is contemplated, further approval may be sought from creditors.

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

Part 3. Remuneration

3.1 Remuneration claim resolutions

I will be seeking approval of the following resolutions to approve my remuneration. Details to support these resolutions are included in section 3.2 and in the attached Schedules.



Resolution 1 from 25 October 2019 to 6 May 2020

"That the remuneration of the liquidator, his staff and sub-contractors, as set out in the Remuneration Approval Report dated 7 May 2020, be fixed and approved for the period 25 October 2019 to the 6 May 2020 to a limit of \$58,997.50 plus GST, and that the Liquidator be authorised to draw remuneration as required."

Resolution 2 from 7 May 2020 to the conclusion of the winding up.

"That the remuneration of the Liquidator, his staff and sub-contractors, as set out in the Remuneration Approval Report dated 7 May 2020, for the period from 7 May 2020 to the conclusion of the winding up, be capped up to a maximum amount of \$15,000.00, plus any applicable GST, but subject to upward revision by resolution of creditors, and that the Liquidator be authorised to make periodic payments on account of such accruing remuneration as incurred."

3.2 Details of remuneration

The basis of calculating the remuneration claims are summarised below and the details of the major tasks performed and the costs associated with each of those major tasks are contained in Schedules 1 and 2.

Resolution 1 from 25 October 2019 to 6 May 2020

The below table sets out time charged to each major task area by staff members and sub-contractors working on the liquidation for the period 25 October 2019 to 6 May 2020 which is the basis of the Resolution 1 claim. More detailed descriptions of the tasks performed within each task area, matching the amounts below, are contained in Schedule 1.

Fee Summary for the Period 25 October 2019 to 6 May 2020 (Actual)

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	Partner	450.00	0.75	337.50	-	-	-	-	337.50	-	-
Matthew Moldrich	Manager	450.00	18.40	8,280.00	-	-	-	-	8,280.00	-	-
Aegrene Manangan	Manager	450.00	56.00	25,200.00	-	-	-	-	25,200.00	-	-
Matthew Moldrich	Senior Accountant	250.00	59.20	14,800.00	2,925.00	10,800.00	-	-	-	-	1,075.00
Aegrene Manangan	Senior Accountant	250.00	8.70	2,175.00	-	400.00	-	-	-	-	1,775.00
Gina Neou	Clerk	250.00	26.25	6,562.50	-	-	-	-	-	-	6,562.50
Clare Johnson	Secretary	250.00	6.57	1,642.50	-	-	-	-	-	-	1,642.50
TOTAL			175.87	58,997.50	2,925.00	11,200.00	-	-	33,817.50	-	11,055.00
add GST				5,899.75							
TOTAL INC GST				64,897.25							

Number of hours (Actual)	11.70	44.80	-	-	75.15	-	44.22
Average hourly rate (Actual - \$)	\$ 250.00	\$ 250.00	\$ -	\$ -	\$ 450.00	\$ -	\$ 250.00
Total average hourly rate (Actual - \$)	\$ 335.46						

Resolution 2 from 7 May 2020 to the conclusion of the winding up.

The below table sets out the expected costs for the major tasks likely to be performed by the liquidator, staff and sub-contractors for the period 7 May 2020 to the conclusion of the winding up which is the basis of the Resolution 2 claim. More detailed descriptions of the tasks likely to be performed within each task area, matching the amounts below, are contained in Schedule 2.



Remuneration Resolution 2

Forecast Fee Summary from 7 May 2020 to the conclusion of the winding up.

Task Area	Estimated Hours	Estimated Cost (\$)
Assets	2.00	500.00
Creditors	16.00	4,000.00
Investigations	14.44	6,500.00
Administration	16.00	4,000.00
TOTAL	48.44	15,000.00
Average rate (\$)		309.63

3.3 Total remuneration reconciliation

At this point in time, I estimate that the total remuneration for this liquidation will be \$73,997.50 (plus GST). This includes the current remuneration approvals being sought. This is different with the estimate provided in the Initial Remuneration Notice dated 31 October 2019, which estimated remuneration of \$20,000 (plus GST) due to the extra tasks associated with recovery of antecedent transactions and recovery of Company assets.

In preparing this remuneration approval report, I have made my best estimate at what I believe the liquidation will cost to complete and I do not anticipate that I will have to ask creditors to approve any further remuneration. However, should the liquidation not proceed as expected, I will advise creditors and I may seek approval of further remuneration and provide details on why the remuneration has changed.

3.4 Likely impact on dividends

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

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

There is not expected to be sufficient funds to pay a dividend to unsecured creditors. If I do declare a dividend, any creditor whose claim has not yet been admitted will be contacted and asked to submit a proof of debt.

3.5 Remuneration recovered from external sources

I have not received any funds from any external sources to date to cover the costs of this liquidation.



Part 4: Disbursements

Disbursements are divided into three types:

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

I have elected not to recover internal disbursement charges of this liquidation.

Part 5: Report on Progress of the Administration

Please refer to my report to creditors dated 7 May 2020, attached to this circular.

Part 6: Summary of Receipts and Payments

A summary of the receipts and payments for the liquidation as at 25 October 2019 to the period 7 May 2020 is at Schedule C to this report.

Part 7: Queries

If you have any queries in relation to the information in this report, please contact me on (02) 6100 3435 or hello@eddiesenatore.com.

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

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

Schedule A – Resolution 1 Table of major tasks for remuneration

The below table provides a description of the work undertaken in each major task area for the period 25 October 2019 to 6 May 2020.

Task Area	General Description	Includes
Assets 11.70 hours \$2,925.00	Debtors – vendor finance	Correspondence with debtor Liaising with solicitors
Creditors 44.80 hours \$11,200.00	Creditor Enquiries, Requests & Directions	Review and prepare initial correspondence to creditors and their representatives Correspondence with creditors
	Secured creditor reporting	Notifying PPSR registered creditors of appointment Correspondence to secured creditors
	Creditor reports	Preparing initial Report to Creditors Preparing Statutory Report by Liquidator Preparing general reports to creditors
	Dealing with proofs of debt	Receipting and filing POD when not related to a dividend Corresponding with OSR and ATO regarding POD when not related to a dividend
Investigation 75.15 hours \$33,817.50	Conducting investigation	Collection of company books and records Reviewing company's books and records Review and preparation of company nature and history Conducting and summarising statutory searches Preparation of comparative financial statements Preparation of deficiency statement Review of specific transactions and liaising with directors regarding certain transactions Liaising with directors regarding certain transactions Preparation of investigation file Lodgement of investigation with the ASIC Recovery of unfair preferences
Administration 44.22 hours \$11,055.00	Correspondence	General correspondence
	Document maintenance/file review/checklist	Filing of documents File reviews Updating checklists
	Insurance	Correspondence with insurer regarding initial and ongoing insurance requirements Reviewing insurance policies Correspondence with previous brokers
	Bank account administration	Preparing correspondence opening accounts Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers
	ASIC forms	Preparing and lodging ASIC forms Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	Notification of appointment Preparing BAS
	Planning / Review	Discussions regarding status of administration
Total \$58,997.50		

Schedule B – Resolution 2 Table of major tasks for remuneration

The below table provides a description of the work undertaken in each major task area for the period 7 May 2020 to the conclusion of the winding up.

Task Area	General Description	Includes
Assets \$500.00	Debtors – vendor finance	Ongoing collection of sale of business proceeds
Creditors \$4,000.00	Creditor Enquiries, Requests & Directions	Receive and respond to creditor enquiries Maintaining creditor request log Review and prepare initial correspondence to creditors and their representatives Considering reasonableness of creditor requests Obtaining legal advice on requests Documenting reasons for complying or not complying with requests or directions Compiling information requested by creditors
	Creditor reports	Update reports/notice to creditors
	Dealing with proofs of debt	Receipting and filing POD when not related to a dividend Corresponding with OSR and ATO regarding POD when not related to a dividend
	Proposals to Creditors	Preparing proposal notices and voting forms Forward notice of proposal to all known creditors Reviewing votes and determining outcome of proposal Preparation and lodgement of proposal outcome with ASIC
Investigation \$6,500.00	Conducting investigation	Review of specific transactions & liaising with director same
	Litigation / Recoveries	Preparing brief to solicitors Liaising with solicitors regarding recovery actions Attending negotiations Attending to settlement matters
Administration \$4,000.00	Correspondence	General correspondence.
	Document maintenance/file review/checklist	Filing of documents File reviews Updating checklists
	Bank account administration	Preparing correspondence closing accounts Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers
	ASIC forms	Preparing and lodging ASIC forms Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	Preparing BAS
	Finalisation	Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration Completing checklists Finalising WIP
	Planning / Review	Discussions regarding status of administration
Books and records / storage	Dealing with records in storage Sending job files to storage	
Total \$15,000.00		

Schedule C – Summary of Receipts and Payments

**SAK Coffee Pty Ltd
(In Liquidation)
ACN 153 626 361**

**Summary of Liquidator's Receipts and Payments
To 25 October 2019 to 7 May 2020**

Receipts	Total (AUD) \$
Sale of Business Proceeds	18,812.50
GST Refunds	43.00
Total Receipts	\$18,855.50

Payments	Total (AUD) \$
Bank Charges	1.00
Legal Fees	2,081.20
Search Fees	478.71
Total	\$2,560.91

Cash At Bank As At 7 May 2020	\$16,294.59
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**Ezio Senatore
Liquidator**

Schedule D – 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.*

NOTICE OF PROPOSAL TO CREDITORS WITHOUT MEETING
SAK Coffee Pty Ltd (In Liquidation)
As Trustee For SAK Coffee Unit Trust
Formerly Trading As The Coffee Club Batemans Bay
ACN 153 626 361 ("the Company")

Proposal 1 for creditor approval – Remuneration

"That the remuneration of the liquidator, his staff and sub-contractors, as set out in the Remuneration Approval Report dated 7 May 2020, be fixed and approved for the period 25 October 2019 to 6 May 2020 to a limit of \$58,997.50 plus GST, and that the Liquidator be authorised to draw remuneration as required."

Reasons for the proposal and the likely impact it will have on creditors if it is passed

The proposal is a request to creditors for approval of my prospective remuneration. If my remuneration is approved, I will draw these funds from current and future funds available. This will reduce the dividend payable (if any) to creditors of the Company. Failure to approve remuneration via circular resolution means that I shall be required to call a meeting of creditors to seek approval of my remuneration. This action will result in additional fees and costs for which I shall seek approval.

Vote on proposal

Creditors have the option of approving, not approving or objecting to the proposal being resolved without a meeting of creditors. Please select the appropriate Yes, No or Object box referred to below:

- Yes I approve the proposal
No I do not approve the proposal
Object I object to the proposal being resolved without a meeting of creditors

Your claim against the Company must be admitted for the purposes of voting by the liquidator for your vote to count. Please select the option that applies:

- I have previously submitted a proof of debt form and supporting documents
 I have enclosed a proof of debt form and supporting documents with this proposal form

Creditor details

Name of creditor: _____ ACN / ABN (if applicable): _____

- I am not a related creditor of the Company.
 I am a related creditor of the Company, relationship:

Address _____
Name _____
Signature _____

Reasons for the proposal and the likely impact it will have on creditors if it is passed

- *A Liquidator is entitled to be fairly remunerated for undertaking statutory and other duties, including reporting obligations in acting as a liquidator.*
- *I am unable to pay my remuneration without the approval of the committee of inspection (if one has been appointed), creditors, or the Court.*
- *Approval by creditors is efficient and timely, and is less costly than an application to the Court.*
- *Approval of my remuneration will allow me to maximise returns to the secured creditor and finalise the liquidation.*

Please complete this document and return with any supporting documents by no later than **Friday, 29 May 2020** for your vote to be counted, by email to Hello@eddiesenatore.com or PO Box 3481 Manuka ACT 2603 (please ensure sufficient time for your vote to count). If you have any questions, please call me.

NOTICE OF PROPOSAL TO CREDITORS WITHOUT MEETING
SAK Coffee Pty Ltd (In Liquidation)
As Trustee For SAK Coffee Unit Trust
Formerly Trading As The Coffee Club Batemans Bay
ACN 153 626 361 ("the Company")

Proposal 2 for creditor approval – Remuneration

"That the remuneration of the Liquidator, his staff and sub-contractors, as set out in the Remuneration Approval Report dated 7 May 2020, for the period from 7 May 2020 to the conclusion of the winding up, be capped up to a maximum amount of \$15,000.00, plus any applicable GST, but subject to upward revision by resolution of creditors, and that the Liquidator be authorised to make periodic payments on account of such accruing remuneration as incurred."

Reasons for the proposal and the likely impact it will have on creditors if it is passed

The proposal is a request to creditors for approval of my prospective remuneration. If my remuneration is approved, I will draw these funds from current and future funds available. This will reduce the dividend payable (if any) to creditors of the Company. Failure to approve remuneration via circular resolution means that I shall be required to call a meeting of creditors to seek approval of my remuneration. This action will result in additional fees and costs for which I shall seek approval.

Vote on proposal

Creditors have the option of approving, not approving or objecting to the proposal being resolved without a meeting of creditors. Please select the appropriate Yes, No or Object box referred to below:

- Yes I approve the proposal
No I do not approve the proposal
Object I object to the proposal being resolved without a meeting of creditors

Your claim against the Company must be admitted for the purposes of voting by the liquidator for your vote to count. Please select the option that applies:

- I have previously submitted a proof of debt form and supporting documents
 I have enclosed a proof of debt form and supporting documents with this proposal form

Creditor details

Name of creditor: _____ ACN / ABN (if applicable): _____

- I am not a related creditor of the Company.
 I am a related creditor of the Company, relationship:

Address _____
Name _____
Signature _____

Reasons for the proposal and the likely impact it will have on creditors if it is passed

- *A Liquidator is entitled to be fairly remunerated for undertaking statutory and other duties, including reporting obligations in acting as a liquidator.*
- *I am unable to pay my remuneration without the approval of the committee of inspection (if one has been appointed), creditors, or the Court.*
- *Approval by creditors is efficient and timely, and is less costly than an application to the Court.*
- *Approval of my remuneration will allow me to maximise returns to the secured creditor and finalise the liquidation.*

Please complete this document and return with any supporting documents by no later than **Friday, 29 May 2020** for your vote to be counted, by email to Hello@eddieisenatore.com or PO Box 3481 Manuka ACT 2603 (please ensure sufficient time for your vote to count). If you have any questions, please call me.

Appendix 3 - Formal Proof Of Debt

FORM 535

subregulation 5.6.49(2)
Corporations Act 2001

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

To the Liquidator of SAK Coffee Pty Ltd – In Liquidation ACN 153 626 361 (the “Company”)

1. This is to state that the Company was on 25 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:

Table with 4 columns: Date, Consideration (state how the debt arose), Amount, Remarks (include details of voucher substantiating payment). Includes a dollar sign at the bottom.

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).

Table with 5 columns: Date, Drawer, Acceptor, Amount, Due Date. Includes a dollar sign at the bottom.

- 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: _____ Position: _____
Address: _____

RECEIVE REPORTS BY EMAIL
Do you wish to receive all future reports and correspondence from our office via email? Yes No
Email:.....

Appendix 4 - Information Sheet - Proposal Without Meeting



Information sheet: Proposals without meetings

You may be a creditor in a liquidation, voluntary administration or deed of company arrangement (collectively referred to as an external administration).

You have been asked by the liquidator, voluntary administrator or deed administrator (collectively referred to as an external administrator) to consider passing a proposal without a meeting.

This information sheet is to assist you with understanding what a proposal without a meeting is and what your rights as a creditor are.

What is a proposal without a meeting?

Meetings of creditors were previously the only way that external administrators could obtain the views of the body of creditors. However, meetings can be very expensive to hold.

A proposal without a meeting is a cost effective way for the external administrator to obtain the consent of creditors to a particular course of action.

What types of proposals can be put to creditors?

The external administrator is able to put a range of proposals to creditors by giving notice in writing to the creditors. There is a restriction under the law that each notice can only contain a single proposal. However, the external administrator can send more than one notice at any single time.

What information must the notice contain?

The notice must:

- include a statement of the reasons for the proposal and the likely impact it will have on creditors if it is passed
- invite the creditor to either:
 - vote yes or no to the proposal, or
 - object to the proposal being resolved without a meeting, and
- specify a period of at least 15 business days for replies to be received by the external administrator.

If you wish to vote or object, you will also need to lodge a Proof of Debt (POD) to substantiate your claim in the external administration. The external administrator will provide you with a POD to complete. You should ensure that you also provide documentation to support your claim.

If you have already lodged a POD in this external administration, you do not need to lodge another one.

The external administrator must also provide you with enough information for you to be able to make an informed decision on how to cast your vote on the proposal. With some types of proposals, the law or ARITA's Code of Professional Practice sets requirements for the information that you must be provided.



For example, if the external administrator is asking you to approve remuneration, you will be provided with a Remuneration Approval Report, which will provide you with detailed information about how the external administrator's remuneration for undertaking the external administration has been calculated.

What are your options if you are asked to vote on a proposal without a meeting?

You can choose to vote yes, no or object to the proposal being resolved without a meeting.

How is a resolution passed?

A resolution will be passed if more than 50% in number and 50% in value (of those creditors who did vote) voted in favour of the proposal, but only so long as not more than 25% in value objected to the proposal being resolved without a meeting.

What happens if the proposal doesn't pass?

If the proposal doesn't pass and an objection is not received, the external administrator can choose to amend the proposal and ask creditors to consider it again or the external administrator can choose to hold a meeting of creditors to consider the proposal.

The external administrator may also be able to go to Court to seek approval.

What happens if I object to the proposal being resolved without a meeting?

If more than 25% in value of creditors responding to the proposal object to the proposal being resolved without a meeting, the proposal will not pass even if the required majority vote yes. The external administrator will also be unable to put the proposal to creditors again without a meeting.

You should be aware that if you choose to object, there will be additional costs associated with convening a meeting of creditors or the external administrator seeking the approval of the Court. This cost will normally be paid from the available assets in the external administration.

This is an important power and you should ensure that it is used appropriately.

Where can I get more information?

The Australian Restructuring Insolvency and Turnaround Association (ARITA) provides information to assist creditors with understanding external administrations and insolvency.

This information is available from ARITA's website at artia.com.au/creditors.

ASIC also provides information sheets on a range of insolvency topics. These information sheets can be accessed on ASIC's website at asic.gov.au (search for "insolvency information sheets").