



SECOND REPORT TO CREDITORS

**ANTRA GROUP PTY LTD
ATF ANTRAY TRUST
(RECEIVER AND MANAGER APPOINTED)
(ADMINISTRATORS APPOINTED)
ACN: 153 443 764
ABN: 34 255 496 409**

4 October 2022

**PETER KREJCI
JONATHON KEENAN
Joint and Several Administrators**

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INTRODUCTION

We refer to our First Report to Creditors dated 7 September 2022 in which our appointment as Joint and Several Administrators of the Company was advised along with an explanation of the Voluntary Administration process.

The objective of Part 5.3A of the Act is to provide for the business, property and affairs of an insolvent (or likely to become insolvent) company to be administered in a way that maximises the chances of the company, or as much as possible of its business, continuing in existence, or, if this is not possible, results in a better return for the company's creditors than would result from an immediate winding up of the company.

Section 438A of the Act requires that, as soon as practicable, the Administrators must investigate the business, property, affairs and financial circumstances of the Companies and form an opinion about each of the following matters:

- ▲ Whether it would be in the Creditors' interests for the Companies to execute a DOCA;
- ▲ Whether it would be in the Creditors' interests for the Administrations to end; and
- ▲ Whether it would be in the Creditors' interests for the Companies to be wound up.

This report should be read in conjunction with the First Report. If you have any questions relating to the administration in general, or specific questions relating to your position, please do not hesitate to contact this office.

COMPANY DETAILS

Name	Antra Group Pty Ltd ATF Antray Trust (Receiver and Manager Appointed) (Administrators Appointed)
Incorporated	27 September 2011
ACN	153 443 764
ABN	34 255 496 409
Registered Office	Unit G04 63-69 Bank Lane, Kogarah NSW 2217
Trading Address	9 Sandbar Place, Lilli Pilli NSW 2229

ADMINISTRATORS

Name	Peter Krejci and Jonathon Keenan
Date Appointed	5 September 2022

ADMINISTRATION CONTACT

Name	Kristine Hu / Jenny Kwok
Email	khu@brifnsw.com.au / jkwok@brifnsw.com.au
Phone	02 8263 2300

EXECUTIVE SUMMARY

As you are aware, we, Jonathon Keenan and Peter Krejci, were appointed Joint and Several Administrators of the Company on 5 September 2022 pursuant to Section 436A of the Corporations Act 2001. Prior to our appointment, on 5 August 2022, Desmond Teng of Moore Recovery had been appointed Receiver and Manager of the Company and the majority (but not all) of its assets were subject to his appointment, pursuant to a default in respect of the General Security Agreement between the Company and Ventra Capital Fund 3 Pty Ltd ("VCF3").

Pursuant to Section 439A of the Act, we have convened the Second Meeting of Creditors to be held on **Wednesday, 12 October 2022 at 3:00PM AEDT**. Please find attached as **Annexure "1"** the Notice of Second Meeting of Creditors for your information. The meeting will be held in our offices with virtual meeting technology also made available should creditors wish to attend the meeting virtually. Further details on the meeting are disclosed in Section 19 of this report.

The R&M is in control of the Company's business operations and the majority of its assets. As such, our role as Administrators have been focused on exploring a restructure via a Deed of Company Arrangement (DOCA), investigations into the Company's affairs and potential recoveries in a Liquidation scenario. We have had various discussions with the R&M and the Director (Raymond Petty) to understand the Company's financial position. We summarise below our observations of the Company's affairs, our preliminary investigations and the potential outcomes for creditors from this Administration process. However, as we have not been provided material information on the Company's affairs, our review of the financial position is preliminary at this stage.

The Company was the trustee of a discretionary trust named Antray Trust and did not act in any other capacity. The Company provided various types of financing to small and medium-sized businesses, including debtor invoice finance, trade finance, Research & Development (R&D) finance and business loans, under a franchise agreement with the Fifo Capital Australia group. To fund the Company's finance loans to clients, the Company obtained short-term loans from various investors and longer-term loans from certain secured creditors.

The Director has advised that the COVID-19 pandemic caused financial hardships for the Company's clients, and which resulted in difficulties recovering the debtor loans. Our review of the debtor loans with the Director and R&M indicates that the prospects of recovery for the outstanding debtors is highly uncertain, and will require in several circumstances litigation and enforcement action against the borrowers and guarantors. It appears that substantial portion of the Company's major asset, being the debtor loans, may be significantly impaired.

Our investigations have also identified that approximately \$20M was loaned to the Director and related parties over a number of years. We are advised by the Director that the bulk of the funds, were then on-lent to fund the expansion of the Fundsquire business. The Fundsquire business is controlled by the Director's son, Damien Petty, and no formal loan agreements were prepared for the related party loans.

Our preliminary investigations indicate that the Company is insolvent and has been for some time, perhaps from late 2018 or earlier. It has managed to defer its collapse by continually seeking forbearance on maturing debts and seeking fresh debt to service its ongoing interest obligations,

which were attractive interest rates. It is unclear what representations were made to the creditors when seeking relief on existing debts or taking on further debt.

The Company had minimal capital reserves (\$50K paid up share capital) for a financier. Instead, the Company funded its operations through debt. The Company borrowed funds from creditors, in the aim of making a profit on the net differential on interest/fees earned, whilst minimising losses from impaired loans (bad debts). The cost of capital (interest paid on funds borrowed by the business) and the likely impaired loans, including substantial loans to the Director and related parties, have caused a deterioration in the Company's cashflow and ultimately the collapse of the business. Our preliminary analysis of the Company's solvency and financial position is further discussed in Section 11.6 of this report.

In summary, since late 2018, the financial position of the Company has declined substantially. Between December 2018 and September 2022, the loans owed by external debtors have decreased marginally (at book value before impairments). However, during that same period, the Company issued further loans to the Director and related parties of \$12.5M, which included approximately \$5M of accrued but unpaid interest owed by the Director.

The collection of interest and principal from existing customer loans was insufficient to fund those further related party loans and service the ongoing interest obligations to creditors. As such, it appears that the Company took on additional debt from investor and secured creditors in the order of \$14M from December 2018 to September 2022. Effectively the Company was taking on substantial fresh debt to service escalating interest bearing debt obligations and undocumented related party loans.

It is unclear what the creditors were told when being induced to advance further funds to the Company, or when agreeing to defer repayment of existing loans. We suspect that the attractive interest rates offered by the business were a key driver. It is our view that if those creditors were presented with the true financial position of the Company, including the likely impairments on the loan book, those creditors would not have advanced the funds to the business. Having regard to the underlying assets of the business, it is unclear how the Company would have ever been able to repay the creditors, in particular the new debt taken on after 2019.

The effect of the Director's actions to advance loans to himself and related parties, which now may be significantly impaired, appear to only have benefited those parties, to the detriment of creditors. Those losses will likely lead to a potential range of claims against the Director and related party recipients of funds, such as breach of duty, insolvent trading, accessorial liability (as aiding and abetting) and/or potentially a scheme to defeat creditors.

It is relevant to note that the Director has personally guaranteed a large proportion of the creditors' debt. However, based on the statutory declaration provided to us, the Director does not appear to be of substantial means, such that a personal bankruptcy could be a likely outcome for the Director, if a commercial compromise cannot be agreed via a DOCA.

The recoverable value of the related party loans or equivalent claims, are currently doubtful based on information made available thus far. Our enquiries are continuing, and our preliminary estimates indicate that unsecured creditors will receive no or minimal return in a Liquidation scenario, unless recovery action against the Director and related parties (including Fundsquire) can be successfully pursued via litigation.

It may be beneficial for creditors to consider a DOCA as a means of seeking a commercial recovery in a more simplified and economical manner. Our discussions with the Director on a DOCA proposal have progressed, however at this time there is no formal proposal available to put to creditors for them to vote on. There are various secured creditors and related parties (including Fundsquire) to engage with, as fundamental to whether a DOCA is a viable option to present to creditors to consider. The Director has advised that he needs additional time to formulate a proposal and seek necessary support.

As such, we have no choice but to recommend Liquidation of the Company at this time. However, we consider it to be in creditors interests, for us to adjourn the second creditors meeting, to provide further time to explore a viable DOCA proposal and test the substance of it against the respective parties capacity to satisfy the financial requirements. This will be discussed further at the second meeting of creditors.

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GLOSSARY OF COMMON ACRONYMS & ABBREVIATIONS

ABN	Australian Business Number
ACN	Australian Company Number
Act	Corporations Act 2001 (Cth)
ARITA	Australian Restructuring Insolvency and Turnaround Association
ASIC	Australian Securities and Investments Commission
ATO	Australian Taxation Office
COI	Committee of Inspection
CVL	Creditors Voluntary Liquidation
Company	Antra Group Pty Ltd ATF Antray Trust
DIRRI	Declaration of Independence, Relevant Relationships & Indemnities
DOCA	Deed of Company Arrangement
Department	Department of Employment and Workplace Relations
FEG	Fair Entitlements Guarantee
Firm	BRI Ferrier
IPR	Insolvency Practice Rules (Corporations) 2016
IPS	Insolvency Practice Schedule (Corporations)
Franchisor	Fifo Capital Australia Pty Ltd
Director	Raymond Gordon Petty
POD	Proof of Debt
PPSR	Personal Properties Securities Register
R&M	Receiver and Manager (Desmond Teng of Moore Recovery)
RBP	Relation Back Period
ROCAP	Report on Company Activities and Property
Trust	Antray Trust
VCF3	Ventra Capital Fund 3 Pty Ltd
Westpac	Westpac Banking Group

1. BASIS OF REPORT

This report has been prepared primarily from information received from the Company's Director, external advisors to the business/Director and the R&M.

In order to complete this report and in conducting our investigations, we have also utilised information from:

- ▲ ASIC;
- ▲ The books and records of the Company;
- ▲ Discussions with the Director and advisors;
- ▲ Discussions and information provided to us by the R&M;
- ▲ The ROCAP and questionnaire forms completed by the Director;
- ▲ Extracts from public information databases;
- ▲ Correspondence with creditors; and
- ▲ Documents obtained from the ATO in relation to the Company.

2. DISCLAIMER

This Report and the statements made herein are based upon available books and records, information provided by the Company's Director, Advisors, the R&M and from our own enquiries. Whilst we have no reason to doubt the accuracy of the information provided or contained herein, we reserve the right to alter our opinions or conclusions should the underlying data prove to be inaccurate or materially change after the date of this Report.

In considering the options available to Creditors and in formulating our recommendations, we have necessarily made forecasts and estimates of asset realisations and the ultimate quantum of Creditors' claims against the Company where appropriate. These forecasts and estimates may change as asset realisations progress and as Creditors' claims are made and adjudicated upon. Whilst the forecasts and estimates are the Administrators' best assessment in the circumstances, Creditors should note that the Company's ultimate deficiency, and therefore the outcome for Creditors could differ from the information provided in this Report.

Neither the Administrators nor any member or employee of BRI Ferrier accepts responsibility in any way whatsoever to any person in respect of any errors in this Report arising from incorrect information provided to us, or necessary forecasts, estimates and assessments made for the purposes of these Reports.

Should any Creditor have material information in relation to the Company's affairs which they consider may impact on our investigation or Reports, please forward the details to our office as soon as possible.

3. DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS AND INDEMNITIES

A Declaration of Independence, Relevant Relationships and Indemnities ("DIRRI") pursuant to Section 436DA of the Act was enclosed in the First Report. The DIRRI records that we undertook a proper assessment of the risks to our independence prior to accepting the appointment.

4. CORPORATE INFORMATION

The following information has been extracted from ASIC records as at the date of my appointment:

4.1 COMPANY DETAILS

Company Name	Antra Group Pty Ltd ATF Antray Trust
ABN	34 255 496 409
ACN	153 443 764
Incorporation Date	27 September 2011
Registered Address	Unit G04 63-69 Bank Lane Kogarah NSW 2217
Principal Place of Business	9 Sandbar Place Lilli Pilli NSW 2229

4.2 OFFICEHOLDERS

Name	Position	Appointed	Ceased
Raymond Gordon Petty	Director	01-Dec-12	Current
Anthony Raymond Petty	Former Director	27-Sep-11	22-Oct-14
Raymond Gordon Petty	Secretary	01-Dec-12	Current
Anthony Raymond Petty	Former Secretary	27-Sep-11	22-Oct-14
Desmond Wei Liang Teng	Receiver Manager	05-Aug-22	Current

4.3 SHARE STRUCTURE AND SHAREHOLDERS

Name	Share Class	Number of Shares	Fully Paid Up	Status
Anthony Raymond Petty	APTR	1	Y	Current
Raymond Gordon Petty	ORD	200	Y	Current
Anthony Raymond Petty	ORD	200	Y	Former

4.4 CURRENT REGISTERED SECURITY INTERESTS

A search of the PPSR indicates the following registered security interests:

Registration Number	Secured Party	Start Date	Collateral
201805210017787	Ventra Capital Fund 3 Pty Ltd	2105/2018	All PAP
201806270026976	Protea Holdings Pty. Ltd. Broederbond Superannuation Fund	27/06/2018	All PAP
201806290033742	Dacosi Investments Pty Ltd Dacosi St Pty Ltd	29/06/2018	All PAP
201906110044540	Ventra Capital Private Pty Ltd	11/06/2019	All PAP
201906110044555	Ventra Capital Private Pty Ltd	11/06/2019	Account
201907080035467	Australia and New Zealand Banking Group Limited	8/07/2019	Watercraft
201907080035613	Australia and New Zealand Banking Group Limited	8/07/2019	Other Goods

Registration Number	Secured Party	Start Date	Collateral
201907080035958	Australia and New Zealand Banking Group Limited	8/07/2019	Other Goods
202102260051195	Mercedes-Benz Financial Services Australia Pty Ltd	26/02/2021	Motor Vehicle
202208150056892	AMG Business Finance Pty Ltd	15/08/2022	All PAP

Please refer to Section 9.2.3 of this report for further comments on the above.

4.5 LEGAL PROCEEDINGS AGAINST THE COMPANY

Pursuant to Section 440D of the Act, upon our appointment as Administrators, all proceedings are automatically stayed.

Creditors cannot commence or continue proceedings against the Company without our written consent or without leave of the Court.

4.6 RELATED ENTITIES

Please refer to **Annexure “4”** for a related party organisation structure chart.

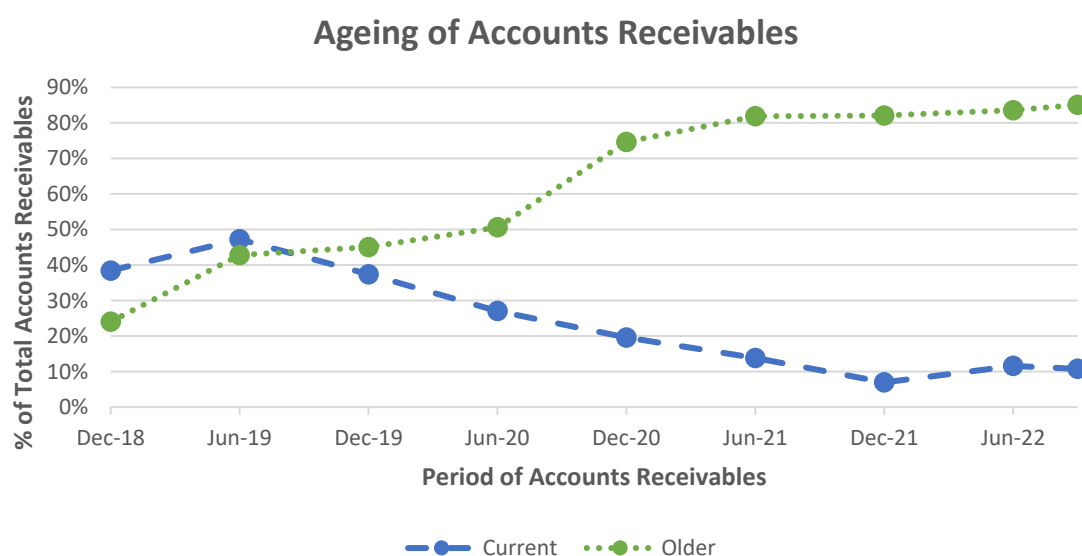
5. COMPANY HISTORY AND EVENTS LEADING UP TO ADMINISTRATION

The following information was obtained from the Company’s books and records, enquiries with the Director, advisors and Company records provided to us and our own enquiries:

- ▲ The Company was the trustee of a Discretionary trust named Antray Trust and did not trade in its own capacity. Accordingly, all acts of the Company were in its capacity as trustee of Antray Trust.
- ▲ The Company operated as a business-to-business lender under a franchise agreement with Fifo Capital Australia, providing various types of financing including debtor finance, R&D finance and business loans. Monthly fees would be charged to clients for these finance loans.
- ▲ To assist with funding these finance loans to clients, the Company obtained short-term loans from various investors, providing annualised interest returns of between 10% and 20%. We are advised that the average interest payable on debt by the Company was around 13% p.a. which equates to interest paid of around \$14M during the past 3 years, based on the escalating value of interest-bearing debt. It appears these short-term loans were not linked to any specific client and was to be repaid from the Company’s funds as and when recoveries were made from clients. The Director personally guaranteed the majority of loans.
- ▲ The Company’s business model relied on making a profit on the net differential on interest/fees earned, whilst minimising losses from impaired loans (bad debts).
- ▲ A substantial portion of the Company’s clients were undertaking R&D work in which the clients would anticipate recovering a portion of their eligible expenses from the Australian Taxation Office on completion of tax lodgements. The Company would provide funds via a drawdown facility up to a maximum value of 80% of the anticipated R&D recovery.
- ▲ Some investors entered into funding agreements with the Company, known as “Participation Loans”, to fund loans to specific clients in respect of an anticipated recovery from R&D from

the ATO. Each Participation Loan appears to be funded by several investors, and subject to recovery of the underlying R&D from the ATO, the investors would receive a share of the recovery in proportion with their loans. Similarly, if there was a shortfall which could not be recovered from the client, the loss would also be borne by the investors in the same proportion.

- Between 2018 and late 2020, the Company entered into various funding agreements (including extensions and rollover agreements) with VCF3 for loan facilities totalling \$11.6M, granting first ranking security against all of the Company's assets. The terms of these funding agreements indicate that the funds were to be used for the purpose of funding loans to clients for R&D transactions. We note that the security granted to VCF3 specifically excludes the Participation Loans.
- The Director has advised that as a consequence of the COVID-19 pandemic, the Company's clients experienced financial hardships, resulting in difficulties in recovering the loan book. An ageing of the Company's receivables shows that debtors older than 3 months increased dramatically from 45% at December 2019 to 85% at September 2022, whilst the current debts decreased from 37% at December 2019 to 11% at September 2022. This is summarised in the below graph:



- Further, between December 2018 and September 2022, the Company advanced substantial funds to the Director and related parties totalling circa \$12.5M (of which approximately \$5M is accrued but unpaid interest owed by the Director). We are advised by the Director that the bulk of those funds were then advanced as loans to fund the expansion of the Fundsquire business. We are advised by the Director that the related party loans were undocumented.
- This has significantly impacted the Company's cashflow, where it appears that the Company continued to trade by seeking additional debt funding from investors and secured creditors totalling approximately \$14M between December 2018 and September 2022. During this time, a substantial portion of the Company's receivables appears to have remained stagnant, where the book value of external debtors actually contracted marginally. The collection of interest and principal from existing customer loans was insufficient to fund those further related party loans and service the ongoing interest obligations to creditors.

- By mid-2022, it appears the Company's cashflow position became untenable where the Company did not pay the monthly interest owed to all investors and secured creditors for June and July 2022. This led to a default on the VCF3 loan and accordingly, VCF3 took steps to enforce and appointed the R&M on 5 August 2022.
- Since 5 August 2022, the R&M has been in control of the Company's business and assets. The R&M has advised that the business is no longer trading in any real sense, with the primary activities focussed on collecting the outstanding loan book. Considering the Company's declining financial position, the Director resolved to place the Company into Voluntary Administration on 5 September 2022.

6. REASONS FOR FAILURE

In the Director's questionnaire and ROCAP, he has advised the reason for failure to be poor economic conditions created due to the COVID-19 pandemic which affected the Company's clients such that they were unable to meet their obligations in a timely manner. Though the Company was working closely with each overdue client to implement measures to assist with recovery, the Company also had difficulties pursuing recoveries via litigation from overdue clients due to restrictions imposed by COVID-19.

Whilst we agree with the above, we also note the following additional causes of failure based on the investigations conducted to date:

- Significant funds were loaned to the Director and related parties totalling circa \$20M on an unsecured and undocumented basis. Those related party loans remain outstanding to date, and we understand the Director and related parties are not in a position to repay at this stage; and
- As a result of the abovementioned related party loans, the Company had insufficient working capital and it appears to only have been able to continue trading over the past 3 years by seeking forbearance from investors and secured creditors on existing debts, and taking on additional new debt from creditors to service interest obligations.

7. CONDUCT OF THE ADMINISTRATION

We have attended to the following major tasks during this appointment:

- Engaged with the Receiver and Manager to investigate the Company's financial position, particularly the outstanding debtors;
- Secured the Company's books and records, including backups of electronic records;
- Considered the Company's role as bare trustee and engaged with the Director's lawyers to propose a variation of the trust deed to reinstate the Company as trustee;
- Engaged with the Director and his lawyers to formulate a DOCA proposal;
- Reported to creditors and held the first meeting;

- Held various meetings with the Director regarding various aspects of the Company's affairs, including the Company's history, the prospects of recovery of the Company's debtors and transactions with related parties;
- Conducted investigations of the affairs of the Company, in particular potential voidable transactions and other potential avenues of recoveries that may be available to a Liquidator; and
- Liaised with the Director regarding various queries on the Company's records, and requested further information as needed for our investigations.

8. HISTORICAL FINANCIAL INFORMATION

We have reviewed the Company's available management accounts for the financial years ended 30 June 2019 to 30 June 2022 and the part-period ended 5 September 2022. The management accounts were not audited, and the information was extracted from the Company's Xero accounting system. We have prepared our financial analysis on the available information, which is discussed below.

8.1 BALANCE SHEETS

Attached as "**Annexure 5**" is a comparative analysis of the Balance Sheets for the above-mentioned period.

We make the following commentary with respect to the attached comparative Balance Sheets:

- As a lending business, the Company had minimal share capital of \$50K. This did not alter in the years leading to our appointment, despite the quantum of loans increasing.
- The Company's major asset was its loan book, which was reported under the Current Assets. The primary components were the Accounts Receivable and Call Loan A/C, which collectively increased from around \$22M at December 2018 to \$34M by September 2022.
 - We are advised that the Call Loan A/C is an unsecured and undocumented loan from Company to the Director, which the Director subsequently on-lent to the Fundsquire business. We further understand that the correct balance of the Call Loan A/C should be approximately \$13.5M in September 2022.
 - The Accounts Receivable balance appears to increase steadily from \$15.5M in December 2018 to \$21.9M in September 2022, it should be noted that related parties were also recorded in the Accounts Receivable and increased from \$443K in December 2018 to \$7.8M in September 2022. Accordingly, when removing the balance of related parties from the Accounts Receivables, the balance of external debtors was actually \$14M in September 2022, showing a contraction of the Company's debtors during this period.
 - In respect of the \$7.8M owed by related parties in the Accounts Receivables balance, \$4.7M relates to accrued but unpaid interest owed by the Director on funds advanced under the Call Loan A/C, which we are advised was calculated at a rate of 13% p.a. Accordingly, the funds advanced by the Company to related parties is approximately

\$16.5M during this period, being \$3.1M from Accounts Receivables plus \$13.5M from Call Loan A/C.

- ▶ The Company's major liabilities are recorded as Borrowings which also steadily increased from \$18M in December 2018 to \$32M in September 2022. This also includes secured creditors such as VCF3 and Ventra Capital Private Pty Ltd. We are advised that the average cost of capital was 13% p.a. and the interest expense was circa \$14M during this period. It appears that the Company took on substantial fresh debt in order to continue to service its interest obligations, where the external debtors were becoming increasingly impaired.

8.2 PROFIT AND LOSS STATEMENTS

Attached as "Annexure 5" is a comparative analysis of the Profit and Loss Statements for the above-mentioned period.

We make the following commentary with respect to the attached comparative Profit and Loss Statements:

- ▶ The income of the Company was largely derived from monthly fees charged to clients for invoice finance, R&D finance and trade finance. Between July 2019 and September 2022, R&D finance represented the substantial portion of the Company's income. However, the recorded income for all types of finance continues to decline, indicating the Company's difficulties in recovering from clients.
- ▶ A large negative balance is recorded in the R&D Closing Income account in the last period leading up to appointment as the Company's management accounts from July 2022 onwards were not updated and finalised before the appointment of the Receiver and Manager on 5 August 2022.
- ▶ The Company's largest expense was interest expense which was recorded as averaging \$150K per month, however based on an average cost of capital as 13% p.a., our calculations of the interest expense is on average approximately \$250K per month. A review of the account ledger shows that the \$4.7M accrued but unpaid interest owed by the Director was set off against the interest expense account, causing the expense figure to be understated. We note that the corresponding interest revenues were similarly understated, however to net effect on profit is nil.
- ▶ The Company's operating expenses appear to be fairly minor, signifying the simple operations of the Company where there were few employees and no leased office premises.
- ▶ The Company was reported as generating profits at each period, with accumulated profits of circa \$3M. However, there is no adjustment for impaired loan expenses, such that the true position is likely significant accrued net losses.

9. CURRENT FINANCIAL POSITION

Contained in this section is our analysis of the current financial position of the Company, with regard to the Director's statement about the Company's activities and property, affairs and financial position ("ROCAP"), available financial records and our enquiries to date.

We have included below the assets and liabilities of the Company as reported in the Management Accounts as at 5 September 2022, the Director's ROCAP and our projections as to likely current position.

	Report Reference	Book Value as at 05/09/2022 (\$)	Director's ERV (per ROCAP) (\$)	Administrator's ERV (High) (\$)	Administrator's ERV (Low) (\$)
Assets					
Cash and Cash Equivalents	9.1.1	12,212	174	-	-
Loans/Debtors	9.1.2				
- Related Entity Debtors		19,784,454	-	Unknown	-
- Unrelated Debtors		14,065,175	9,914,291	3,794,215	206,043
Other Receivables	9.1.3	281,772	-	-	-
Plant and Equipment	9.1.4	240,151	253,500	246,500	245,000
Other Assets	9.1.5	3,000	-	-	-
Total Assets		34,386,764	10,167,965	4,040,715	451,043
Liabilities					
Priority Creditors	9.2.1	2,602	104,682	72,260	72,260
Secured Creditors	9.2.2	13,931,000	13,934,000	13,330,924	13,330,924
Unsecured Creditors:					
- Unrelated Creditors	9.2.3	17,742,637	21,687,494	21,679,138	21,679,138
- Related Entity Creditors	9.2.4	1,396,150	1,428,657	695,162	695,162
Total Liabilities		33,072,388	37,154,833	35,777,485	35,777,485
Estimated Net Asset / (Deficiency)		1,314,376	(26,986,868)	(31,736,770)	(35,326,442)

9.1 ASSETS

We note that the Company's assets are predominantly circulating assets, comprised of loans issued to related and unrelated parties. The assets are subject to VCF3's first ranking security and the R&M's appointment, except for the Participation Loans which are excluded under the security documents.

Regardless, the R&M has advised that VCF3 may seek to assert a claim against a portion the Participation Loans, however this claim is pending legal advice. Our view is that the Participation Loans are circulating assets excluded under VCF3's security and similarly excluded from the R&M's appointment. Further investigations and/or legal advice will be required.

Further, we note that the Company's role as trustee of Antray Trust terminated automatically following the R&M appointment, such that the Company became bare trustee. The Director is the appointor of the Trust and no new trustee has been appointed. The Director has proposed to vary the trust deed and reinstate the Company as Trustee of the Trust, otherwise a new trustee appointed will similarly be placed in an insolvent state. It is our view that this will provide significant cost savings, as compared to making an application to the Court to remedy the issue. There does not appear to be any prejudice as a result of the variation, as the Director as primary beneficiary will consent. Furthermore,

the R&M has advised he does not object to the variation and reinstatement of the Company as trustee. We have requested that the Director execute the necessary documents without delay.

9.1.1 Cash and Cash Equivalents

The records indicate that the Company holds two bank accounts with the Commonwealth Bank of Australia ("CBA"). The Director's ROCAP indicate balance of funds held in the accounts totalled \$9K. We understand the R&M is in control of those funds.

9.1.2 Loans/Debtors

The Company's management accounts indicate outstanding loans/debtors were approximately \$35M as at the date of our appointment.

During the Administration, we held discussions and meetings with R&M and the Director to analyse the nature of these loans/debtors and recoverability of same. We have received correspondence from the Director's lawyers, Bridges Lawyers, providing further information on the outstanding debtors.

In summary, the Director's view is that the related party loans are likely significantly impaired, and the unrelated loans also are impaired to some extent. Our enquiries indicate that the Director is understating the impairment of the unrelated loans, having regard to the disputes, defaults and age of the debtors. The R&M has expressed concern that the loan book is significantly impaired.

A summary of the loans/debtors is provided as follows:

Loans/Debtors	Number of Parties	Book Value as at 05/09/2022 (\$)	Director's ERV (\$)	Administrators' ERV (High) (\$)	Administrators' ERV (Low) (\$)
Related Entities	7				
Raymond Gordon Petty	1	16,687,885	Unknown	Unknown	-
DLP Invest Pty Ltd (Formerly Fundsquire Topco Pty Ltd; Fundsquire Pty Ltd)	1	2,221,065	Unknown	Unknown	-
Other Related Entities	5	875,504	Unknown	Unknown	-
Related Entity Subtotal	5	19,784,454	Unknown	Unknown	-
Non-Related Entities				-	-
Clients	23	11,643,877	9,914,291	1,408,183	-
Participation Loans	3	2,421,298	2,386,032	2,386,032	206,043
Other Franchisees	2	756,000	-	Unknown	-
Non-Related Entities Subtotal	28	14,821,175	12,300,324	3,794,215	206,043
Total	35	34,605,629	12,300,324	3,794,215	206,043

9.1.3 Related Entities

With respect to loans provided or funds advanced to the related entities, the Director has advised there are no written loan agreements. The Directors lawyer has recently confirmed that whilst undocumented, there was verbal agreement on the terms of the loans, including applicable interest rate and deferral of repayment.

A summary of funds advanced to related parties and verbal agreements (where applicable) is provided in the table below:

Records as per Management Accounts		Loan Terms as advised by Director		
Debtors	Amount Outstanding \$	Verbal Loan Agreement	Interest Rate	Repayment Date
Director (Raymond Gordon Petty)	16,687,884.64	Yes	Equivalent to the Company's average cost of funds (currently approx. 13% p.a.)	Outstanding amounts are repayable on the earlier of: (i) the date(s) respectively on which those entities are in a financial position to make repayment of those amounts; or (ii) 5 years from the date of each advance.
DLP Invest Pty Ltd ("DLP Invest") (formerly Fundsquire Topco Pty Ltd; Fundsquire Pty Ltd)	2,243,851.92	Yes	20% p.a.	
DLP Lendco Pty Ltd ("DLP Lendco") (formerly Fundsquire AU Pty Ltd)	1,747.85	Yes	20% p.a.	
Squire Technology Pty Ltd	235,919.66	Yes	20% p.a.	
Prudential Group Holdings Pty Limited ("Prudential")	534,000.00	Unknown	Unknown	
Squirrel Superannuation Services Pty Ltd	70,000.00	Unknown		
STE Groupe Pty Ltd	11,050.00	Unknown	Unknown	
Total	19,784,454.07			

The Director, via his lawyers, has provided the further information with respect to the loans provided to related entities as follows:

- *Funds advanced to himself by the Company were subsequently advanced to DLP Trust; and*
- *Debts owed by all other related parties appear to be significantly impaired such that any recovery is highly uncertain.*

The Director has advised that he is currently not in a financial position to repay the loan owed to the Company and provided a statutory declaration in relation to his personal financial position which discloses that his personal debts (including contingent liabilities in relation to personal guarantee debts), are substantially greater than his personal assets.

The Director also advised that total funds, including funds directly provided by the Company and funds advanced to the Director then subsequently provided to DLP Invest and/or DLP Trust, was approximately \$13.5M and interest accrued for same was approximately \$6.5M. The Director has advised that DLP Invest and/or DLP Trust will be in a position to repay the debts owed depending on the financial performance of DLP Invest, however, the timeframe of such a repayment is uncertain.

We note that we have queried, but have not received an answer, who controls the DLP Trust. It is possible that DLP Trust, is a trust controlled by DLP Invest, formerly known as Fundsquire Topco Pty Ltd.

We have requested evidence to substantiate the financial position of each related entity to determine the capacity for repayment of debts owed to the Company, however as at the date of this report, we have not received same. We understand this information is forthcoming.

After considering information provided by the Director and in the absence of information in relation to the related entities' financial position, we have used an estimate of the recoveries from related entities as \$9.8M, being 50% of the outstanding amount recorded in the management accounts, under an optimistic scenario, and nil under a pessimistic scenario.

9.1.4 Unrelated Entities – Participation Loans

As discussed above, the Participation Loans related to amounts advanced to certain clients that were eligible to claim an R&D rebate from the ATO. The Company's management accounts report the Participation Loans totalled \$2.4M owed by three participation loan debtors ("the PL Debtor") as at the date of our appointment. Following our appointment, the R&M confirmed one PL Debtor had been recovered in full for a sum of \$209K. The funds are currently held in the R&M's firm's trust account.

The General Security Agreement ("GSA"), pursuant to which the R&M was appointed, specifically excluded Participation Loans from assets held as security by VCF3. As mentioned earlier, it appears that the R&M may seek to make a claim against a portion of the Participation Loan on behalf of VCF3. The R&M is yet to formalise his position on the Participation Loans and for the time being we have agreed that the amounts recovered to date are to be held on trust whilst the dispute is resolved.

Based on the VCF3 loan and security documentation, it is our view is that the Participation Loans are circulating assets excluded from VCF3 security and therefore not subject to the R&M's appointment. We are seeking legal advice regarding same, however hope that this issue can be resolved without delay or significant cost.

With respect to the recoverability of the Participation Loans, after discussions with the R&M and the Director, it is likely the outstanding PL Debtors may be recovered in full over the coming months.

9.1.5 Unrelated Entities – Clients (excluding Participation Loans)

The Company's business includes provision of debtor finance, trade finance, R&D finance and business loan facility to clients. The Company's management accounts indicate the outstanding amount of loans provided to external clients was for a sum of \$11.6M as at the date of our appointment.

Further enquiries have been made with the Director with respect to the recoverability of these debtors. The Director has provided an estimated recoverable amount as between \$8M to \$9.9M. The

difference of \$1.9M between the Director's optimistic and pessimistic estimate of recovery relates to debtors where recovery is subject to litigation and funding to be provided to continue the litigation.

A review of the Company's records indicates majority of the debtors, which the Director suggested were recoverable, are either subject to litigation, under external administration or require pursuing recovery from the personal guarantor(s). Further, the outstanding amounts owed by debtors included accumulated legal costs for pursuing the respective debtors.

As such, it appears that these unrelated client loans may be impaired, and given the financial incapacity of the Company to fund the ongoing recovery actions (including litigation and separate Receiver appointments), the Directors view appears to be unreasonable.

We are unable to disclose further information at this time, to avoid prejudicing the commercial recovery prospects. Our estimates used in this report are for illustrative purposes, and we will continue to monitor the R&M recovery efforts.

9.1.6 Unrelated Entities – Other Franchisees

The Company's management account disclosed outstanding loans provided to two (2) franchisees for a sum of \$756K. The Director's ROCAP does not include these loans as outstanding debtors. We understand these debtors were advanced funds in or around 2016 in respect of R&D transactions. Our investigations in relation to these loans are continuing.

9.1.7 Other Receivables

A sum of \$281K was recorded as outstanding in an asset ledger account as "Other Receivables" in the Company's management accounts. Our investigations indicate the transactions recorded in this account were legal fees incurred in relation to debtor recoveries.

Given the potential impairment on the debtors and uncertainty of litigation, any recovery of this outstanding amount is unlikely.

9.1.8 Plant and Equipment ("PPE")

Our investigations indicate PPE owned by the Company includes office equipment of minor value. In addition, there are financed assets, being a motor vehicle and a watercraft, both of which are subject to registered security interests with Mercedes-Benz and ANZ respectively. Further discussion in relation to these financed assets and security interests is in Section 9.2.3 of this report.

9.1.9 Other Assets

Other Assets recorded in the Company's management accounts relate to goodwill and capitalisation of the franchise fees expense. We understand that the franchise arrangements have been terminated and there is no goodwill in the business given its financial performance.

There is no expected recovery in relation to these assets.

9.2 LIABILITIES

9.2.1 Priority Creditors

The ROCAP indicates outstanding employee entitlements as the date of our appointment as follows:

Entitlements	Related Party Employee (\$)	Unrelated Employee (\$)	Total (\$)
Wages	-	1,350	1,350
Superannuation	17,551	735	18,286
Annual Leave	-	41,850	41,850
Long Service Leave	16,871	8,775	25,646
Redundancy		17,550	17,550
Total	34,422	70,260	104,682
Priority Claim	2,000	70,260	72,260
Ordinary Unsecured Claim	32,422	-	32,422
Total	34,422	70,260	104,682

Our comments are as follows:

- We understand that the employment of the unrelated employee was terminated as a redundancy shortly after our appointment by the R&M, with the employee working through the notice period.
- The related party employee, Mr Damien Petty (the son of the Director), is an Excluded Employee pursuant to 556 of the Act and accordingly, may only rank as Priority Creditor with respect to wages and superannuation to the extent of \$2K and annual leave and long service leave to the extent of \$1.5K. The balance of the claim would rank as an Unsecured Creditor.
- In the event that the Company is wound up, it is anticipated that there will be insufficient funds immediately available to pay the outstanding entitlements. As such, the Company's non-related party employee may be eligible to lodge a claim under the FEG scheme. In this regard, we note that FEG applies a maximum weekly wage and does not cover superannuation.

Please see below for further comment.

9.2.2 Fair Entitlements Guarantee

In a Liquidation scenario, employees may be eligible to apply to the Federal Government, which has established a safety net scheme known as FEG, for payment of their outstanding entitlements (there than superannuation). FEG is administered by the Department of Employment and Workplace Relations for eligible employees who have been terminated as a result of their employer's insolvency and are owed entitlements. The FEG scheme is not available in a DOCA scenario.

In order for an employee to be eligible to claim outstanding entitlements under FEG:

- The employee must be an Australian citizen or permanent resident (contact FEG for further details); and
- The end of their employment must be due to the insolvency of the employer; or have occurred less than six (6) months before the appointment of an insolvency practitioner; or occurred on or after the appointment of an insolvency practitioner.

Employees may submit claims in respect of the following entitlements, provided they are entitled to claim under their respective industrial instrument, contract of employment or by any other means:

- Up to thirteen (13) weeks unpaid wages for the period ending at the earlier of the date on which employment ended or the appointment of an insolvency practitioner;
- Unpaid annual leave and long service leave;
- Up to a maximum of five (5) weeks unpaid payment in lieu of notice;
- Up to a maximum of four (4) weeks redundancy entitlement for each completed year of service.

In calculating employee entitlements payable under the scheme, the maximum annual wage applies.

FEG will not cover:

- Outstanding superannuation entitlements;
- Entitlements such as rostered days off unless the relevant legislation, award, statutory agreement or written contract of employment provides they are payable upon termination of employment; and
- Employee entitlements of the Directors and related party Creditors.

Please note that FEG will only assess claims if the Company is placed into Liquidation.

Should you wish to obtain further information, FEG may be contacted reached on 1300 135 040. Alternatively, you may visit their website at: <https://www.dewr.gov.au/fair-entitlements-guarantee>

9.2.3 Secured Creditors

As disclosed in Section 4.4 of this report, seven (7) parties have registered security interest against the Company on the PPSR. The table below provides a summary of the registered security interest and amount claimed by respective creditors.

PPSR Creditor	Collateral Class	Registration Date	POD Submitted by Creditor (\$)	Administrators' ERV as at 05/09/2022 (\$)
VCF3	AIIPAP	21/05/2018	9,828,422.00	9,828,422.00
Protea Holdings Pty Ltd Atf Broederbond Superannuation Fund ("Protea")	AIIPAP	27/06/2018	1,104,018.69	Security appears to be invalid
Dacosi Investments Pty Ltd	AIIPAP	29/06/2018	413,106.78	413,106.78

PPSR Creditor	Collateral Class	Registration Date	POD Submitted by Creditor (\$)	Administrators' ERV as at 05/09/2022 (\$)
Dacosi St Pty Ltd (Collectively "Dacosi")				
Ventra Capital Private Pty Ltd ("VCP")	AllPAP	11/06/2018	2,897,450.25	2,897,450.25
ANZ	Other Goods	8/07/2019	Not Received	135,905.00
Mercedes-Benz Financial Services Australia Pty Ltd ("Mercedes")	Motor Vehicle	1/03/2021	56,040.35	56,040.35
AMG Business Finance Pty Ltd ("AMG")	AllPAP	15/08/2022	102,038.35	Security appears to be invalid
Total			14,401,076.42	13,330,924.38

The Director has provided further comment with respect to three (3) secured creditors as follows:

PPSR Creditor	Director's Comment
Protea	Loan documentation does not give rise to have a PPRS Registration against ABN.
Dacosi	There are no monies outstanding for Dacosi Investments Pty Ltd.
AMG	Loan documentation does not give rise to have a PPRS Registration.

We provide our comment according to our investigations to date, as follows:

- Protea: the documentation provided to date appears deficient in granting security over the Company's assets to Protea however further legal advice is required;
- ANZ: the R&M has advised that he is currently in the process of realising the watercraft and any surplus, after realisation costs and discharge of debt owed to ANZ, would flow to VCF3;
- Mercedes-Benz: the R&M has advised that the vehicle subject to Mercedes Benz's security interest was disclaimed as there no equity available; and
- AMG: please refer to Section 12.1.6 of this report for our discussion in relation to voidable circulating security interest. We consider AMG's security interest appears to be invalid.

9.2.4 Unsecured Creditors

9.2.5 Unrelated Party Creditors

Unsecured Creditors may be owed more than \$21M, subject to further enquiries and adjudication of claims. Below is a breakdown:

Unsecured Creditors	Directors' ERV (per ROCAP) (\$)	Administrators' ERV (\$)
Australian Taxation Office ("ATO")	4,921	4,921
Participants for Participation Loan	2,410,054	2,385,852
Investors other than participants	18,928,197	19,049,983
Other unsecured creditors	344,322	238,383
Total	21,687,494	21,679,138

We provide our commentary as follows:

- We have notified the ATO with respect to our appointment and have not received any correspondence from the ATO in relation to whether any tax debts or statutory lodgements are outstanding. We note that as a financial services business, the Company likely makes input taxed financial supplies, and as such, is not able to claim GST credits.
- Investors in Participation Loans appear to be unsecured creditors where the loans provided were pursuant to respective Participation Loan Agreements. We are reviewing these agreements however legal advice will be required to determine if there is any priority available in respect of recoveries from the Participation Loans. Please refer to Section 9.1.4 of this report for our discussion on Participation Loans.
- Investors other than participants were various parties that provided funds to the Company subject to respective loan agreements. As mentioned above, our sample review of the agreements indicates broadly similar terms, with short terms (generally less than 12 months) and annualised interest returns between 10-20% p.a. The Director advised that the majority of investors were rolling over the maturity date of these loans in return for the attractive monthly interest returns. The Director has advised that the average interest rate payable was around 13% p.a. and interest was serviced on the loans up to June 2022.

9.2.6 Related Party Creditors

The ROCAP disclosed that related party creditors are owed approximately \$658K, of which \$650K related to loans provided to the Company, similar to investors.

10. EXPLANATION OF DEFICIENCY

Attached as "Annexure 6" is the deficiency statement. The deficiency statement is based on a pessimistic scenario, which effectively represents impairment on all loans, both related and unrelated. In that scenario, the deficiency for creditors is circa \$35M, before the costs of the Administration and Receivership.

However, as discussed earlier, based on the available information there should be some recoveries from the loan book. We are unable to meaningfully quantify those amounts at this time given the uncertainty involved.

11. PRELIMINARY INVESTIGATIONS

11.1 OVERVIEW

During the course of the Administration, we have conducted investigations into the affairs of the Company to ascertain whether there are any transactions that appear to be voidable, or other causes of action available whereby money, property or other benefits may be recoverable by a liquidator pursuant to Part 5.7B of the Act, in the event that creditors resolve to wind up the Company. Creditors should be aware that an Administrator does not have the power to recover voidable transactions or take action for insolvent trading.

11.2 INVESTIGATION CONSTRAINTS

The Act sets out a strict timeline for the reporting of an Administrator's investigations of an insolvent company's affairs prior to the second meeting of creditors.

As such, our investigations into the Company's affairs are preliminary at this stage. The interim findings discussed below are based on the available records reviewed and under time constraints. A Liquidator would conduct more detailed investigations, provided that necessary funding is available.

11.3 BOOKS AND RECORDS

Section 286 of the Act provides that:

"A company, registered scheme or disclosing entity 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."

The failure to maintain books and records in accordance with Section 286 of the Act may allow a Liquidator to presume the company was insolvent throughout the period the books were not maintained (Section 588E of the Act).

The books and records received to date comprise of the following:

- Access to the Company's management accounts maintained via Xero;
- Various documents uploaded to an online storage facility, Dropbox;
- Loan documentation for creditors;
- Employee records; and
- Backup of employees' email accounts.

We have not been able to obtain the following books and records from the Director:

- Documents to explain the purpose and nature of receipts from and payments to related entities; and

- Documents of financial position and financial performance of related entities at the time when a loan was advanced.

Accordingly, our preliminary view is that the Company may not have kept sufficient books and records to meet the requirements of Section 286 of the Act.

11.4 RISK OF LITIGATION ACTION GENERALLY

Part 5.7B of the Act gives liquidators (but not administrators) the right to commence certain legal proceedings to recover money, property or other benefits for the benefit of the Unsecured Creditors of a company.

Creditors should note that recovery actions:

- have the potential to increase the pool of funds available to Creditors;
- are usually expensive, lengthy and have unpredictable outcomes;
- should not be commenced unless defendants have the financial resources to satisfy any judgement; and
- must be funded out of the Company's existing assets or, where such assets do not exist, by Creditors or by external litigation funders (who are likely to require a significant share of the proceeds of any judgement as a condition of funding the litigation).

11.5 INSOLVENCY & INSOLVENT TRADING (SECTION 588G)

The *Corporations Act 2001* prohibits Insolvent Trading and provides that Directors can be required to compensate Creditors for losses they suffer because of Insolvent Trading by making a payment to a Liquidator of the Company. We have considered the prospects of such a claim, as it is one that is only available if creditors decide that the Company should be placed into Liquidation, and so may be relevant to the decisions Creditors take at their forthcoming Meeting.

11.5.1 What Is Insolvent Trading?

Insolvent Trading is the incurring of a debt or liability at a time when the Company is insolvent and when the Director(s) have reasonable grounds to suspect, or a person in their position would have suspected, that the Company was insolvent.

If such a debt or liability is incurred, a Court may require the Directors to pay an amount of compensation to a Liquidator of the Company equal to the loss suffered by creditors. In determining that loss, it is necessary to have regard to any amount that may be recovered from the Company's assets or from the recovery of other claims such as Unfair Preferences.

Recovery for Insolvent Trading is only available in a Liquidation. A claim may be brought by a Liquidator, or, if, but only if, the Liquidator declines to pursue a claim, by one or more Creditors.

A Liquidator pursuing a claim must:

- demonstrate Insolvency
- show that the Director(s) suspected, or should have suspected, insolvency

- show that a debt or liability was incurred
- show the debt or liability has not been paid, so that the creditor has suffered loss.

A Director accused of Insolvent Trading can answer a claim by showing that:

- the Director had reasonable grounds to believe the debt would be paid; and/or
- the Director relied on information from another reliable person to believe the debt would be paid; and/or
- the Director did everything he or she could to avoid the incurring of the debt; and/or
- the Director was not participating in the management of the Company for some good reason, such as illness; and/or
- the Director was acting honestly and reasonably and, notwithstanding that a debt or liability was incurred that will be unpaid, he or she should be excused from liability.

Litigation in respect of Insolvent Trading is carried out in the ordinary civil courts. This means that the costs of pursuit of a claim are borne by the Liquidator, who uses the Company's assets and may enter into a form of borrowing called "litigation funding" to do so, or may ask creditors to make a voluntary contribution to the pursuit of a claim.

If a claim is successful, some of the costs, but not all of them, may also be ordered to be paid by the Directors. If the Liquidator fails in some or all of the claim, he or she may be ordered to pay some, or all of the costs incurred by the Directors in defending the claim. Because of this, in practice Liquidators can only pursue claims where they have funds available to meet both their own and the Defendants' costs, or they have the benefit of "insurance" against costs provided either by creditors or a commercial litigation funder.

If the Company has no assets and neither a litigation funder nor creditors are willing to fund the litigation, no claim can be pursued. Litigation in respect of Insolvent Trading can be expensive, slow and risky. The Liquidator, funder and creditors are exposed to the risk that if the Directors are found liable, they may be unable to meet the judgment against them.

Where a Company is a subsidiary of another Company, a claim can also be brought against the holding Company.

11.5.2 Insolvency

One important element of liability for Insolvent Trading is if, and when, the Company became insolvent.

Section 95A of the *Corporations Act* defines solvency as follows:

"95A(1) [when person is solvent] A person is solvent if, and only if, the person is able to pay all the person's debts, as and when they become due and payable.

95A(2) [insolvent person not solvent] A person who is not solvent is insolvent".

Under Australian law, the test of insolvency is a "cashflow" test: it is focussed on whether, in commercial reality, a company is able to meet its liabilities as and when they fall due for payment.

The forensic assessment of insolvency, and preparation of a case on insolvency, involves a thorough, and costly, examination of the Company's business, its market, its relationships with its customers, lenders, suppliers, owners and with regulators. Where a Company has had expectations of support from related parties, that support is a factor that has to be considered in the context of insolvency.

In elaborating on the cashflow test of insolvency, the Courts have provided extensive commentary on the subject to determining insolvency. One of the leading authorities is the judgment of the Victorian Supreme Court in *ASIC -v- Plymin*, in which Justice Mandie, relying on Expert Evidence, identified the following 14 indicators of insolvency:

- Continuing Losses;
- Liquidity ratios below 1;
- Overdue Commonwealth and State taxes;
- Poor relationship with present Bank, including inability to borrow further funds;
- No access to alternative finance;
- Inability to raise further equity capital;
- Suppliers placing company on COD, or otherwise demanding special payments before resuming supply;
- Creditors unpaid outside trading terms;
- Issuing of post-dated cheques;
- Dishonoured cheques;
- Special arrangements with selected creditors;
- Solicitors' letters, summons(es), judgements or warrants issued against the company;
- Payments to creditors of rounded sums which are not reconcilable to specific invoices;
- Inability to produce timely and accurate financial information to display the company's trading performance and financial position and make reliable forecasts.

Comprehensive forensic insolvency assessment requires the review of each of these indicators, as well as the Company's business, to answer the question "was it able to pay its debts as and when they fell due".

As part of reporting to you about Insolvent Trading we are required to form a preliminary view about when the Company became insolvent. Our opinion is necessarily formed summarily: a forensic analysis of insolvency would be more thorough, more expensive and slower than the Voluntary Administration process ordinarily permits. We have set out our views below.

11.5.3 Director's Knowledge

As well as insolvency, a Liquidator must also show when the Director suspected, or ought to have suspected, that the Company was insolvent. If a claim is brought, this will normally involve the

comprehensive review of company records to show when the Directors first learnt of circumstances that could indicate insolvency. That review is typically thorough and expensive. Again, for the purpose of reporting to you we are required to make a summary assessment of when suspicions were or should have been formed. We have set out my views in this respect below as well.

11.5.4 Loss

Only losses *incurred* at or after the time of insolvency can form the basis of a claim, although all unpaid unsecured creditors are entitled to share in any recovery after costs. A debt or liability is “incurred” when the last event that could have avoided the liability arising occurs. For example, taking delivery will normally be the time at which a debt for the supply of goods is incurred.

Liabilities that have fallen due, but which were not freshly incurred during the period of insolvency cannot form the basis for a claim. Such liabilities commonly include ongoing contracts of employment, long term leases and hire-purchase arrangements, guarantees, loans and long-term supply and construction contracts.

11.5.5 Litigation and Funding

As noted above, if a Company does not have significant assets, a Liquidator contemplating bringing a claim for Insolvent Trading will only be able to pursue a claim if either Creditors or a commercial Litigation Funder is willing to fund the Liquidator’s Legal and Accounting Costs and meet any costs the Liquidator may be liable to pay if the claim is unsuccessful.

Funding of this sort can be arranged as follows:

- A creditor or creditors may contribute funds for additional investigations and litigation. Such creditors need to indemnify the Liquidator against any adverse cost orders should the litigation prove unsuccessful. However, should the litigation be ultimately successful, creditors who have funded the litigation may apply to the court to have their claim met in priority to other creditors not participating in the funding arrangement; and/or
- The Liquidator may request funding from an independent, specialist litigation funding firm. Generally, the litigation funder is compensated for its risk by receiving a share of up to 30 - 40% from any recoveries arising out of the litigation, where there is usually a minimal return (being a multiple of the risk) also required by the funder. Litigation funding is expensive in this regard, and therefore only feasible where the possible recoveries are significant.

11.5.6 Legal controversy

- There are two (2) controversial areas of insolvency law that bear on the Company. These are:
- Set-off. Traditionally courts have not allowed set-off of claims such as those for Insolvent Trading. However, in modern cases the Courts have been more generous to parties owing money to an insolvent Company. They have said they would allow the setting off of claims by parties liable to make payments to Liquidators of amounts owed to them by the insolvent Company. This matter remains an unresolved issue at law.

- Financial Support. Until 1993, the test of insolvency in Australia required that a Company be able to meet its liabilities *from its own monies*. This requirement was removed in 1993. Subsequently, the Courts have held that the provision of “financial support” by a related party can be a basis on which a Company is solvent when, without that support, it would clearly be insolvent. Where solvency is disputed, the Court’s inquiry needs to extend to the nature and extent of that support. This remains a controversial issue in insolvency law.

11.6 ASSESSMENT OF INSOLVENCY

Our assessment has been based on the information available to us from the Company’s records, from information provided by the Director and his advisors, the R&M, the Company’s staff and Creditors and on the basis of separate investigations of the Company’s affairs. As noted above, this assessment has been undertaken on a preliminary basis. If the Company is placed into Liquidation and litigation were contemplated, we would need to undertake a more thorough and rigorous assessment. We would also need to obtain legal advice and gather substantial further evidence, including potentially holding public examinations of the relevant parties.

Based on our investigations conducted to date, it is our preliminary view that the Company has been insolvent from at least late 2018 or earlier on a balance sheet basis having regard to the unrecorded impairment of assets.

However, the Director has advised that all creditors agreed to rolling forbearance on their debts. Combined with the continued influx of new loans into the business, the Company was able to continue to service its interest obligations (the primary expense) up until June 2022.

Therefore, whilst the Company was able to continue to trade from a cashflow perspective, having regard to the escalating and unrecorded impairments on the loan book, the Company was unlikely to ever be in a position to repay its debts in full, certainly not after 2018.

In the circumstances where insolvency is an assessment under a cashflow perspective, it is unclear whether a claim for insolvent trading could be brought against the Director. There appears to be a range of claims brought in respect of breach of duties, for allowing the Company to continue to trade and take on debts when it did not have the capacity to repay those debts in the future.

We intend to investigate this further, if a Liquidator is appointed.

Below is our assessment of insolvency from a balance sheet perspective.

11.6.1 Continuing Losses

We refer to Section 8 of this report regarding our commentary of the Company’s historical financial position and financial performance. The impairment of accounts receivables is usually directly reflected in the profit and loss statements of the respective financial years as a “bad debt expense”. However, we note that there does not appear to be any such expense recorded in the Company’s recent management accounts.

Having regard to our earlier analysis, and the views expressed by the R&M and Director (to some extent) there is likely substantial impairment in the loan book. Taking a conservative approach on

recoveries, as assuming that most loans ought to have been impaired when issued, substantial bad debt expenses ought to have been recorded historically.

Below we have modelled the impact of such adjustments for FY2019 to FY2022 on a cumulative basis:

Potential Unrecorded Impairments	FY2019 (\$)	FY2020 (\$)	FY2021 (\$)	FY2022 (\$)
Related Party Loans	(18,769,244)	(19,166,851)	(19,870,846)	(21,174,926)
Unrelated Debtors	(8,250,880)	(8,919,885)	(9,279,438)	(9,110,932)
Total Impairment	(27,020,124)	(28,086,736)	(29,150,284)	(30,285,858)

Therefore, if brought to account retrospectively, the Company has experienced significant losses over recent years.

11.6.2 Working Capital Analysis

We refer to Section 8 of this report regarding our commentary of the Company's historical financial position and financial performance.

The working capital analysis has been prepared based on our review of the Company's management accounts. However, there are two key adjustments necessary based on the factual circumstances:

- ▲ Likely impairment of the debtors, both related and unrelated parties as discussed above.
- ▲ The Director has advised that all investor and secured creditors deferred repayment of their debts, and advanced further amounts to the business, such that the Company was able to continue to trade. Those amounts have been removed from current liabilities to reflect this forbearance.

	FY2019 (\$)	FY2020 (\$)	FY2021 (\$)	FY2022 (\$)
Current Assets as per Management Accounts	28,997,132	30,940,239	32,332,518	36,376,855
Impairment for Related Party Loans	(11,496,647)	(15,038,830)	(17,715,603)	(21,174,926)
Impairment for Debtors	(6,511,257)	(7,795,948)	(8,905,181)	(9,110,932)
Adjusted Current Assets	10,989,228	8,105,461	5,711,734	6,090,997
Current Liabilities as per Management Accounts	26,239,288	28,041,965	29,405,593	33,436,680
Assumed forbearance from investors	(25,260,642)	(27,164,705)	(28,761,351)	(32,700,397)
Adjusted Current Liabilities	978,646	877,260	644,242	736,283
Working Capital	10,010,582	7,228,201	5,067,492	5,354,714
Current Ratio	11.2290	9.2395	8.8658	8.2726

The result is that the working capital of the business was quite healthy. However, it is relevant to note that where the repayment of the liabilities was being continuously deferred, the failure to recognise the impairment in the debtors, just delayed the inevitable financial collapse.

11.6.3 Cashflow Analysis

We have sought to analysis the cashflow movement in the business year-to-year based on the Company's management accounts.

The table below provides a useful summary of the net cash inflows and outflows:

	FY2018	FY2019	FY2020	FY2021	FY2022
Source of cash receipt					
Income from provision various Financial Facilities	3,162,738	4,019,291	2,888,841	1,461,851	608,985
Net Loan movement* - unrelated entities	4,155,767	6,580,068	4,369,253	2,907,791	3,733,295
Government Incentives Income	-	12,948	56,481	124,500	30,536
Other Income	52,034	11,179	48,335	1,330	1,178
Total Cash Receipts	7,370,540	10,623,487	7,362,910	4,495,472	4,373,994
Disbursement of cash					
Interest payment	2,304,113	3,460,163	4,419,209	4,210,413	4,280,997
Net Loan movement* - related entities	2,923,532	7,498,136	1,268,262	215,748	87,340
Payroll Expense	223,509	267,150	280,455	270,621	153,284
Franchise Related Expense	275,084	267,673	125,263	91,473	44,904
Other Expense	239,623	528,809	354,274	198,349	297,412
Total Cash Payments	5,976,287	12,277,404	6,447,226	4,855,050	4,863,937
Cash Surplus/Deficiency	1,394,253	(1,653,917)	915,684	(359,578)	(489,943)
Interest Receipt - Interest Payment	858,625	559,128	(1,530,368)	(2,748,562)	(3,672,012)

Note: *Net Loan Movement is the net of loan obtained and loan repayment

Some high-level comments on the cash analysis:

- ▲ Inflows - Income from financing activities deteriorates significantly, indicative of the impairment in the external debtors. However, this hole in the cashflow is filled by additional new loans from unrelated parties.
- ▲ Outflows – interest payments increase steadily in-line with the escalating loan balances. Significant loans to related parties in FY2018-19 erode the cash reserves, as funded by unrelated loan (creditors).

The table below further calculates the percentage of each source of cash receipt over the total receipt and the percentage of each cash payment over the total payment for the respective financial years:

	FY2018	FY2019	FY2020	FY2021	FY2022
Percentage over Total Cash Receipt					
Income from provision various Financial Facilities	42.91%	37.83%	39.24%	32.52%	13.92%
Net Loan movement - unrelated entities	56.38%	61.94%	59.34%	64.68%	85.35%
Government Incentives Income	0.00%	0.12%	0.77%	2.77%	0.70%
Other Income	0.71%	0.11%	0.66%	0.03%	0.03%
Total Cash Receipts	100.00%	100.00%	100.00%	100.00%	100.00%
Percentage over total Cash Payment					
Interest payment	38.62%	28.78%	68.54%	84.43%	88.02%
Net Loan movement - related entities	49.00%	62.37%	19.67%	4.33%	1.80%
Payroll Expense	3.75%	2.22%	4.35%	5.43%	3.15%
Franchise Related Expense	4.61%	2.23%	1.94%	1.83%	0.92%
Other Expense	4.02%	4.40%	5.49%	3.98%	6.11%
Total Cash Payments	100.00%	100.00%	100.00%	100.00%	100.00%

	FY2022	FY2021	FY2020	FY2019	FY2018
Percentage over Total Cash Receipt					
Income from provision various Financial Facilities	13.92%	32.52%	39.24%	37.83%	42.91%
Net Loan movement - unrelated entities	85.35%	64.68%	59.34%	61.94%	56.38%
Government Incentives Income	0.70%	2.77%	0.77%	0.12%	0.00%
Other Income	0.03%	0.03%	0.66%	0.11%	0.71%
Total Cash Receipts	100.00%	100.00%	100.00%	100.00%	100.00%
Percentage over total Cash Payment					
Interest payment	88.02%	84.43%	68.54%	28.78%	38.62%
Net Loan movement - related entities	1.80%	4.33%	19.67%	62.37%	49.00%
Payroll Expense	3.15%	5.43%	4.35%	2.22%	3.75%
Franchise Related Expense	0.92%	1.83%	1.94%	2.23%	4.61%
Other Expense	6.11%	3.98%	5.49%	4.40%	4.02%
Total Cash Payments	100.00%	100.00%	100.00%	100.00%	100.00%

Of note interest payments accounted for the vast bulk of cash payments from FY2020 onwards, which appear to have been funded via new debt from unrelated parties.

11.6.4 Balance Sheet Analysis

We refer to Section 8 of this report regarding our commentary of the Company's historical financial position and financial performance. Given the significant impairment of account receivables, the adjusted net asset deficiency has deteriorated since at least FY2018. We note that the forbearance from creditors defers the debts, does not extinguish the amounts owed.

Below is a calculation of the adjusted net asset deficiency is provided in the table below:

	FY2019 (\$)	FY2020 (\$)	FY2021 (\$)	FY2022 (\$)
Total Assets as per Management Accounts	29,005,932	31,253,637	32,606,481	36,618,606
Impairment for Related Party Loans	(11,496,647)	(15,038,830)	(17,715,603)	(21,174,926)
Impairment for Debtors	(6,511,257)	(7,795,948)	(8,905,181)	(9,110,932)
Adjusted Total Assets	10,998,028	8,418,859	5,985,697	6,332,748
Adjusted Total Assets	10,998,028	8,418,859	5,985,697	6,332,748
Total Liabilities	(26,239,288)	(28,311,749)	(29,616,095)	(33,583,624)
Net Assets Deficiency	(15,241,260)	(19,892,890)	(23,630,398)	(27,250,876)

Therefore, the Company appears to be in a net asset deficiency position since at least FY2019 and the deficiency has continued to deteriorate in each the financial year.

11.6.5 Indicators of Insolvency

In addition, we have observed the following facts relevant to the solvency of the Company:

- ▶ During FY2018 to FY2020, the Company obtained funds from VCF1 and VCF3 for approximately \$9.1M as follows:
 - In or about May 2018, a Funding Agreement was entered into between the Company and VCF1. Pursuant to this funding agreement, a total of \$5.6M was advanced by VCF3 to the Company with funds received from May 2018 to July 2018.
 - On 14 May 2018, a Funding Agreement was entered into between the Company and VCF3. Pursuant to this funding agreement, a total of \$3M was advanced by VCF3 to the Company with funds received from May 2018 to July 2018.
 - In or about September 2019, the Company obtained a further drawdown from VCF3 for the sum of \$500K.
- ▶ Approximately \$20M (including accrued interest) was loaned to related parties on an undocumented basis. The funds were provided to related entities as loans which was unsecured and without a clear repayment date.
- ▶ The creditor loan agreements have broadly similar terms that:
 - the loan terms, except for the participation loans, were fairly short and generally less than 12 months.
 - varying annualised interest returns between 10-20%p.a.; and
 - there is a clause which stipulated that it at the lender's discretion on a month-to-month basis after the due date of the loan.
- ▶ The Director has since provided further information with respect to the loans as follows:
 - For loan agreements of which a due date is stipulated, the Company contacted the lender shortly before the due date to confirm the lender's

intention with respect to the loan. The lender could choose among the below three options:

1. repayment of the loan is required; or
 2. to have the loan rollover until such time as notified by the lender with a minimum 30 days' notice period (a rolling facility); or
 3. With respect to option 2 and 3, a new loan agreement was not required if the loan terms remained the same.
- The majority of investors with outstanding balances at the time of our appointment were under option 2.
 - The Company had only received the following requests for repayment from 2 lenders in or about July 2022 for a total amount of \$219K.
 - Interest was paid up to around June 2022 on the majority of interest bearing debts.

In light of the above, it is our preliminary view that the Company has been insolvent on a balance sheet basis since at least late 2018 or earlier due to the unrecorded impairment on the loan book. However, having regard to the rolling forbearance and new loans received by the business, the Company was able to defer the repayment and ultimate financial collapse, and from a cashflow perspective, it was able to continue to trade until June 2022.

We are of the opinion, that should an insolvent trading claim fail, there would be a range of breach of duty claims that could be brought against the Director in allowing the Company to continue to trade where it would be unlikely to ever repay the debts it owed.

11.6.6 Potential Amount of Claim

Determining the value of an insolvent trading or breach of duty claim will generally involve a forensic review of the debts incurred after the date on which it can be maintained that the Company was insolvent.

Our preliminary view is that the Company was insolvent on a balance sheet basis since December 2018.

The Company's management account indicates that approximately \$11M in new loans were raised through investors from December 2018 onwards. This would form the basis of our calculation of such a claim against the Director.

11.6.7 Defences Available

A defence is available under the Act where a director can establish:

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

Noting our earlier comments that the cashflow issues were deferred by creditors forbearing from calling in their debts, the Director could make an argument against insolvent trading. However, it is unclear on how the Director could validly explain the Company's ability to satisfy those debts in the future, where it had limited share capital and its primary assets were undocumented loans to related parties, which he now admits may be significantly impaired.

These are preliminary observations, and this will be explored further, should the Company be placed into Liquidation.

11.6.8 Recovery of Claim

In respect of considering whether an insolvent trading or breach of duty claim could be pursued, a Liquidator would need to have regard to the financial positions of the potential defendant, being the current Director, Mr Raymond Gordon Petty.

The following investigations have been conducted by the Administrators' office:

- Property searches in NSW have been conducted on the Director;
- Requested a statutory declaration ("the Declaration") with respect to the Director's personal financial position, which has been provided; and
- Enquiries have been addressed to the Director and his lawyers to confirm whether the Director and/or the Company holds a D&O and/or IP policy.

The above investigations indicate the following:

- The Director is the current register owner of three (3) properties summarised as follows:

Suburb	Ownership	Mortgage	Caveat	Estimate Equity provided by Director
Port Hacking NSW 2229	As joint tenant with another party	CBA	Warry Spring Pty Ltd Ventra Capital Private Pty Ltd	Nil
Leumeah NSW 2660	Sole ownership	VCF 1	Ventra Capital Private Pty Ltd	Nil
Leumeah NSW 2660	Sole ownership	CBA	Ventra Capital Private Pty Ltd	Nil

It appears that there is no equity remaining in the properties, after discharge of secured debts. Some key observations are as follows:

- The Declaration disclosed the Director provided personal guarantee to creditors for loans advanced to the Company. The Director estimated debts owed to creditors which he has provided a personal guarantee to is approximately \$18M.
- The Declaration does not disclose the Director has any other assets might have realisation value.
- The Declaration does not disclose the recoverable value of the Call Loan A/C or other loans that were advanced to him by the Company.

- We have not received a confirmation from the Director or his solicitors on whether the Director and/or the Company holds a D&O and/or IP policy.

Therefore, according to the information obtained to date, prima facie the Director does not have sufficient assets to discharge the debts owed by him, or a claim brought by a Liquidator. However, that is subject to the true recoverable value of the various loans advanced to him, which apparently were on-lent to DLP Trust (Fundsquire). Our investigations in this regard are continuing.

In the event an insolvent trading claim is pursued, we anticipate that significant costs would be incurred, for which a Liquidator would require funding. Given the unpredictable nature of litigation, and in particular the defences that may be brought, it is difficult to accurately estimate the costs that may be incurred.

Please note that the insolvent trading claims are to some extent speculative and are subject to the risks of litigation, defences discussed above, and the pursuit of enforcement of any successful judgement.

As an alternative, a Liquidator can consider selling the causes of action on a commercial basis, to obtain a return in a quicker timeframe, usually at a substantial discount given the removal of risk. It would be open to any creditor or any other party to submit an offer to the Liquidators, should they have such an interest.

12. VOIDABLE TRANSACTIONS

Voidable transactions include transactions such as unfair preferences, uncommercial transactions, unfair loans, unreasonable director related transactions and circulating security interests created within six months before the relation-back day, which is the date of the appointment of the Administrators.

These transactions usually relate to the period six (6) months prior to the date of our appointment; however, in certain circumstances, this period can be extended to four (4) years in relation to transactions with related entities and up to ten (10) years if the transactions were entered into with related parties with the intention of fraud.

ARITA has issued a creditor information sheet "Offences, Recoverable Transactions and Insolvent Trading" providing further information about voidable transactions. This information sheet is attached as **Annexure "8"**.

The transactions identified, if determined to be voidable, may be recoverable under the following provisions:

12.1 VOIDABLE TRANSACTION PROVISIONS

The transactions identified, if determined to be voidable, may be recoverable under the following provisions:

12.1.1 Unreasonable Director Related Transactions (S588FDA)

A transaction is an unreasonable Director-related transaction of the Company if:

- The transaction is a payment, a conveyance, transfer or disposition of property, the issue of securities, or incurring of an obligation to make a payment, disposition or issue by the Company.

- The transaction is to a Director or close associate of the Director or for their benefit.
- A reasonable person in the Company's circumstances would not have entered into the transaction having regard to the benefit or detriment to the Company or other parties involved in the transaction.
- The transaction was entered into during the four (4) years leading to my appointment.
- We refer to Section 11.6.3 of this report with respect to our investigations for cash receipts from and payments to related entities according to the management accounts. A breakdown of parties to which payments were made by the Company during FY2018 to FY2022 is provided as follows:

Funds Receipt from Related Entities	FY2022	FY2021	FY2020	FY2019	FY2018	Total
Sprint Holdings Australia Pty Ltd	115,793					115,793
DLP	3,500	-	10,331	16,877		30,708
RGP	15,966	49,739			8,856	74,562
Director	600,080	308,462	1,033,247	7,593,467	2,967,372	12,502,628
Prudential Group Holding Pty Ltd	-	-	262,250	-	-	262,250
Total Funds transferred to Related Entities	851,133	358,201	1,305,828	7,610,344	2,976,228	13,101,734

- In addition, we note that amounts were advanced prior to FY2018.
- We refer to Section 11.6 with respect to our preliminary investigations on the solvency position of the Company. The Company appears to be in an insolvent position on a balance sheet basis since at least December 2018 or earlier.
- Management accounts indicate funds paid to the above related parties were loans advanced by the Company. The Director also advised the following with respect to loans advanced to related entities:
 - There were no written loan agreements between the Company and related entities;
 - The Director has advised that interest was payable on the loans, however it has not been paid to date, instead accrued; and
 - Time frame for repayment of interest and principal of these related entities loans is deferred until the party has capacity or five (5) years from the advance.

Having considered the nature of Unreasonable Director Related Transactions, we consider the total payments to the above 5 (five) related entities during FY2018 to FY2022 are Unreasonable Director Related Transactions.

12.1.2 Unfair Preferences

An unfair preference results when the Company and a Creditor are parties to a transaction(s) and the Creditor receives more than it would receive if the transaction(s) are set aside, and the Creditor proved for the debt in the winding up. If it is ultimately determined that certain payments are potentially recoverable as unfair preferences, it would be necessary to establish:

- that the Company was insolvent at the time the payments were made; and

- that the recipient had reasonable grounds to suspect that the Company was insolvent at that time or would become insolvent as a result of the payment.

The clawback provisions available to the Liquidator relate only to payments to unrelated parties made within six (6) months from the date of our appointment, if the Company is insolvent at that time, as the Relation Back Period (“RBP”).

Our preliminary investigations have identified payments for a sum of \$405,000 were paid to eight (8) investor creditors which might be of preferential nature and thus voidable against the Liquidator, should one be appointed. A summary of these payments is provided in the table below.

Party	Payment Amount \$
Party 1	100,000
Party 2	80,000
Party 3	75,000
Party 4	50,000
Party 5	50,000
Party 6	20,000
Party 7	20,000
Party 8	10,000
Total	405,000

In order to prove an unfair preference payment, the onus is on the Liquidator to prove the payment was outside the ordinary course of the business, the party had suspicion of the Company’s solvency difficulties and cannot rely on a defence where the payment was received in good faith. This is typically evidenced by demands/threats, changed supply terms, payment arrangements and/or legal proceedings. Further investigations would be required by a Liquidator to consider these issues before pursuing recovery.

12.1.3 Unfair Loans (\$588FD)

A loan is unfair if it is made to a Company at extortionate interest rates or the charges in relation to the loan are extortionate. In considering whether interest and charges are extortionate, regard must be had to the following:

- Risk the lender is exposed to;
- Value of the security;
- Term;
- Repayment schedule; and
- Amount of loan.

Our preliminary investigations identified that interest was charged on loans with related parties. Furthermore, the interest charged to the Company appears to reflect the risky nature of the loans

written by the business and security offered to the creditors. Accordingly, we have not identified any claim for unfair loans at this stage.

12.1.4 Uncommercial Transactions

A transaction is considered uncommercial if it is made at a time when the Company is insolvent, and it may be expected that a reasonable person in the Company's circumstances would not have entered into the transaction having regard to:

- ▲ The benefits or detriment to the Company of entering into the transaction; and
- ▲ The prospective benefits to other parties to the transaction.

The clawback provisions available to a Liquidator relate only to payments to unrelated parties made within two (2) years from the date of the appointment. The RBP can be extended to four (4) years for transactions with related parties.

We refer to Section 12.1.112.1.4 of this report regarding our investigations on payments to related entities. The payments identified could also be considered to be uncommercial transactions.

12.1.5 Discharge of Related Party Debts (S588FH)

A transaction is considered to have discharged a related party's debt if funds from the Companies are used to pay that Creditor which has had the effect of discharging, to the extent of a particular amount, a liability (whether under a guarantee or otherwise) of a related entity the Companies.

We have not identified any claim for discharge of related party debts.

12.1.6 Circulating Security Interests Created Within Six Months before the Relation-Back Day (S588FJ)

A circulating security interest in property of the Company created within six (6) months before the relation-back day may be void against a Liquidator. However, circulating security interests that are created within this period for consideration paid at or after the date of creation remains valid.

We refer to Section 9.2.3 of this report regarding our comments on the security interest registered by AMG, which was registered within six (6) months before the relation-back day. A review of management accounts indicate there was no consideration provided by AMG during this period. Therefore, AMG's circulating security interest may be void against a Liquidator

13. BREACH OF DUTY CLAIMS

13.1 LOANS ADVANCED TO RELATED PARTIES

We refer to our earlier discussion of insolvent trading and director related transaction claims, in respect of loans issued to related parties and debt taken on by the Company when it ought not have. In effect, those claims mirror each other.

Having regard to the related parties involved and undocumented loans, which may now be impaired, there does not appear to be a reasonable basis for those loans to have been advanced. The Director had substantial experience in finance, as demonstrated by the large number of loans both written by the Company and issued to the Company.

In our view, a reasonable person in the Director's position, would not have issued those unsecured and undocumented loans to Raymond Petty and the related parties. The Director caused those loans to be advanced for his personal benefit, and therefore was not in the interests of the Company and its creditors. A range of breach of duties could arguably be brought, including failure to act in good faith, with reasonable care and diligence and breach of use of position. The quantum of the claims could be in the order of \$13M to \$20M, being the related party loans. However, any recovery from those loans would likely be set-off, and as such it is important that obtain further information in terms of the recoverability so creditors can make an informed decision.

13.2 ACCESSORIAL CLAIMS & SCHEMES TO DEFEAT CREDITORS

As discussed earlier, the Director has advised that the funds advanced to him were on-lent to DLP Trust to be used in the Fundsquire business. The Company does not have a direct financial interest in the Fundsquire business, rather it appears that the Director's son Damien Petty controlled that business.

It is implausible that the Director would have on-lent those funds, if it was not a business controlled by a relative. It is further unreasonable to believe that the Director did not have knowledge of the purpose or financial standing of the Fundsquire business. The recipients of the funds must or ought to have known, and therefore arguably:

- ▲ aided and abetted the contravention causing the loss; and/or
- ▲ participated in a scheme to defeat creditors.

These claims could be brought in addition to, or in the alternate to claims against the Director. The loss would be similar to the previously discussed claims.

14. SUMMARY OF POTENTIAL OFFENCES

In summary, we consider there are various potential contraventions of Act to consider in a Liquidation scenario:

Section	Potential Offence Identified	Summary of Offence
180	Failure to exercise reasonable care and diligence in discharge of Director's duties	Insolvent Trading Loans advanced and payments to related parties Creditors induced to advance further loans
181	Failure to act in good faith	Loans advanced and payments to related parties Creditors induced to advance further loans
182	Improper use of position	Loans advanced and payments to related parties
286	Inadequate books and records	Insufficient records to disclose the Company's financial position or for financial statements to be prepared
558G	Director's duty to prevent insolvent trading	Insolvent Trading
588FE(5)	Scheme to Defeat Creditors	Loans advanced and payment to related parties who did not have capacity to repay
79	Involvement in Contravention (Accessorial Liability)	Recipients of loans involved

14.1 REPORT TO ASIC

We intend to lodge a confidential report to ASIC pursuant to section 438D of the Act, in respect of our preliminary investigations and any potential offences identified. This report will be lodged shortly.

Should the Company be wound up, a Liquidator is required to complete an investigation into the Company's affairs and, if offences are identified, or if the Company is unable to pay its Creditors more than 50 cents in the dollar, lodge a report with ASIC pursuant to Section 533 of the Act.

We note that the business provided finance to customers, funded through debt obtained from various investor creditors. The Company did not hold an AFSL, nor did the Director hold equivalent standing. We note that the number of investors exceeds twenty (20) and therefore it is likely that there has been a range of regulatory offences also committed, including potentially operating as an unregistered managed investment scheme. Such matters will be raised for ASIC's attention.

15. ESTIMATED RETURN TO CREDITORS

The likelihood of a dividend being paid to creditors will be affected by a number of factors including:

- the size and complexity of the administration.
- the amount of voidable transactions recovered and the costs of these recoveries;
- the statutory priority of certain claims and costs;
- the value of various classes of claims including secured, priority and unsecured creditor claims; and
- the volume of enquiries by creditors and other stakeholders.

Set out in **Annexure "7"** is an analysis of the estimated returns that may be available to creditors under a Liquidation with optimistic and pessimistic scenarios. Please note these figures are estimates only,

and the actuals may vary materially. In particular, please note that the voidable recovery values are illustrative only, and the outcome from the R&M collection on debts is unknown currently.

In summary, the estimated return are as follows:

Summary of Return to Creditors	Liquidation High Cents/\$	Liquidation Low Cents/\$
Secured Creditors		
Ventra Capital Fund 3 Pty Ltd ("VCF3") /1st ranking secured creditor	14	0.07
Protea Holdings Pty Ltd ATF Broederbond Superannuation Fund ("Protea") /2nd ranking secured creditor	Nil	Nil
Dacosi Investment Pty Ltd ("Dacosi") /3rd ranking secured creditor	100	Nil
Ventra Capital Private Pty Ltd ("VCP") /4th ranking secured creditor	60	Nil
AMG BUSINESS FINANCE PTY LTD ("AMG") /5th ranking secured creditor	Nil	Nil
Priority Creditors	100	100
Unsecured Creditors	7	Nil

In respect of the Liquidation scenarios, a partial return to secured and priority creditors is possible subject to recoveries from the debtors. However, any return to unsecured creditors is contingent upon successfully pursuing litigation of the voidable transaction, breach of duty and/or insolvent trading claims identified or achieving a commercial settlement from same. Accordingly, the timing of any return in is currently unknown.

To assist with our quantification of potential returns, we encourage any creditors who have not already done so, to lodge a Formal Proof of Debt ("POD") together with relevant supporting documentation. A copy of the POD is attached as **Annexure "2"** in this regard.

16. RECOMMENDATION OF ADMINISTRATORS

Pursuant to Rule 75-225(3) of the IPR, the Administrators are required to make a statement setting out the Administrators' opinion about each of the following matters and provide his reasons for those opinions:

- ▲ Whether it would be in the Creditors' interests for the Company to execute a DOCA;
- ▲ Whether it would be in the Creditors' interests for the administration to end;
- ▲ Whether it would be in the Creditors' interests for the Company to be wound up.

We set out below our opinions as to each of these options:

16.1 DEED OF COMPANY ARRANGEMENT

We have had discussions with the Director to explore a proposal for a DOCA, however at this time there is no formal proposal available for creditors to consider and no other party has come forward with a DOCA proposal. The Director has advised that he requires additional time to formulate the proposal and seek necessary support of key stakeholders, in particular the secured creditors and Fundsquire parties.

As such, at the forthcoming meeting, we will likely adjourn the Second Meeting of Creditors to provide further time to explore a DOCA proposal.

We do not recommend creditors resolve that the Company execute a DOCA on the basis that there is no DOCA proposal for creditors to consider.

16.2 ADMINISTRATION TO END

Creditors may resolve that the Administration of the Company should end and that control of the Company should be handed back to its Director.

The Company is clearly insolvent and if the administration was to end, the Company would be placed in a similar position to that existing prior to our appointment as Administrators.

We do not recommend that the Administration end on the basis that the Company is clearly insolvent.

16.3 LIQUIDATION

Should Creditors decide to wind up the Company, the Administration would revert to a Creditors Voluntary Liquidation and the Administrators would become the Liquidators, unless creditors resolved to appoint an alternative Liquidator.

One of the roles of the Liquidator would be to complete investigations into the reasons for the Company's failure and to identify any causes of action or voidable transaction recoveries against any entity or individual. The Liquidator is also required to report their findings to ASIC in the event that offences are uncovered.

On the basis that the Company is insolvent and that no DOCA has been proposed for creditors' consideration, we recommend that Creditors resolve to wind up the Company.

Notwithstanding that the resolution to wind up the Company is an agenda item for the forthcoming meeting, as previously discussed, in order to provide further time to explore a DOCA proposal, pursuant to Rule 75-140(1)(b) of the IPR, we intend to adjourn the Second Meeting of Creditors for up to forty-five (45) business days.

17. RECEIPTS AND PAYMENTS

The receipts and payments up to date of this report are attached as "Annexure 9".

18. REMUNERATION OF ADMINISTRATORS / LIQUIDATORS

In compliance with the Australian Restructuring, Insolvency and Turnaround Association's ("ARITA") Code of Professional Practice and the requirements of the Act, we are required to provide detailed information in respect of our remuneration. We attach our Remuneration Approval Report as **Annexure "10"** which details the major tasks that have been and will be conducted in this administration. Our remuneration is calculated on the time spent by staff at hourly rates used by BRI Ferrier, as detailed in our Remuneration Matrix. This document is contained within the Remuneration Report. In addition, a schedule of hourly rates are attached as **Annexure "11"**.

To date, our remuneration has been calculated on this "Time-Cost" basis, and we propose that it continue to be calculated on this basis. The Time-Cost method for calculating remuneration reflects the cost to our firm of the work undertaken, rather than a measure of the assets realised. In our view, the Time-Cost method is the preferable basis for calculating remuneration in an engagement such as this.

For Creditors' information, ASIC information sheets (**Annexure "12"**) that relate to specific circumstances once an insolvency practitioner is appointed to a Company and approval of remuneration can be found at the following websites:

- <http://www.asic.gov.au/insolvencyinfosheets>
- <http://www.arita.com.au/insolvency-you/insolvency-explained/insolvency-fact-sheet>

18.1 VOLUNTARY ADMINISTRATION PERIOD

Creditors will be asked to approve the Administrators' remuneration at the Second Meeting of Creditors for the costs incurred.

Please refer to the Remuneration Approval Report, attached as **Annexure "10"** for further details.

18.2 LIQUIDATION PERIOD

If the Company is placed into liquidation at the resumed Second Meeting of Creditors, we will be appointed Liquidators of the Company, unless creditors resolve to appoint an alternate Liquidator. We note that we have not received an alternate consent to act as Liquidator.

On the basis that we are to be appointed Liquidator, we will also seek approval for our estimated remuneration in conducting the Liquidation. The attached remuneration report details an estimate of the initial costs likely to be incurred in a liquidation scenario. It is an interim estimate only and does not factor in the costs of litigation, which may be significant. The estimate may change depending on matters which occur during the course of the liquidation.

Please refer to the Remuneration Approval Request Report, attached as **Annexure "10"** for further details.

19. SECOND MEETING OF CREDITORS

The Second Meeting of Creditors will be held on Wednesday, 12 October 2022 at 3:00PM AEDT. The formal Notice of Meeting is attached as **Annexure "1"** for your reference.

The purpose of the Second Meeting of Creditors is to enable Creditors to consider the Administrators' Report pursuant to Rule 75-225 of the IPR and to determine the Company's future.

To participate as a Creditor and/or eligible employee Creditor, you should:

- Provide us with a Proof of Debt detailing your claim to be a Creditor and/or eligible employee Creditor. Proofs of Debt are enclosed as **Annexure "2"**. If you have previously provided a proof of debt and wish to supplement it, you may do so. **Otherwise, Creditors whose proofs were accepted for voting at the First Meeting are not required to be re-lodged for the Second Meeting of Creditors.**
- Creditors may attend and vote in person, by proxy or by attorney. The appointment of a proxy, copies of which is attached as **Annexure "3"**, must be in accordance with Form 532. Persons attending on behalf of a corporate entity are required to have a proxy signed on behalf of that entity. **Proxies from the First Meeting cannot be used at the Second Meeting and it is necessary for Creditors attending to submit new proxies for the Second Meeting of Creditors.**
- A specific proxy can be lodged showing approval or rejection of each proposal. Creditors, in lodging specific proxies, need to be mindful that their intended voting patterns can become academic or "contradictory" where the outcome of an earlier vote (in the order of proceedings) is determined in a way which could influence or change their intended voting.

Proxy forms or facsimiles thereof must be lodged at my office by 4:00 PM one (1) business day prior to the meeting.

Where a facsimile copy of a proxy is sent, the original must be lodged with my office within seventy-two hours after receipt of the facsimile. An attorney of a Creditor must show the instrument by which he or she is appointed to the Chairperson prior to commencement of the meeting.

20. QUERIES

The BRI Ferrier staff member responsible for this matter is as follows:

- ▲ BRI Contact: Kristine Hu or Jenny Kwok
- ▲ Phone: (02) 8263 2300
- ▲ Email: khu@brifnsw.com.au or jkwok@brifnsw.com.au (preferred)
- ▲ Mailing: GPO Box 7079, Sydney NSW 2001
- ▲ Facsimile: (02) 8263 2399

Yours faithfully,

ANTRA GROUP PTY LTD ATF ANTRAY TRUST
(RECEIVER AND MANAGER APPOINTED) (ADMINISTRATORS APPOINTED)



JONATHON KEENAN
Joint and Several Administrator

The logo for BRI Ferrier, featuring the text "BRI Ferrier" in white on a dark grey background, with a green diagonal stripe on the right side.

BRI Ferrier

**Antra Group Pty Ltd AFT Antray
Trust**

**ACN 153 443 764
(Receiver and Manager
Appointed)(Administrators
Appointed)**

**Annexure "1"
Notice of Second Meeting of
Creditors**

CORPORATIONS ACT 2001
Section 439A

Insolvency Practice Rules (Corporations)
75-10, 75-15 & 75-20

NOTICE OF SECOND MEETING OF CREDITORS

**ANTRA GROUP PTY LTD ATF ANTRAY TRUST
ACN 153 443 764**

**(RECEIVER AND MANAGER APPOINTED) (ADMINISTRATORS APPOINTED)
("THE COMPANY")**

NOTICE is given that a Second Meeting of the Creditors of the Company will be held at the offices of BRI Ferrier, Level 30, 'Australia Square', 264 George Street, Sydney NSW 2000 on Wednesday, 12 October 2022 at 3:00 PM AEDT.

Virtual meeting technology will also be made available should creditors wish to attend the meeting virtually. To attend virtually, creditors will need to register their details at the following link:

<https://us06web.zoom.us/meeting/register/tZYofumvqTwqH9B8ZBvyevdVSij5-5b1c41k>

A G E N D A

1. To receive the Report of the Administrators and receive questions from creditors.
2. To fix the remuneration of the Administrators.
3. To consider adjournment of the meeting.
4. To consider the internal disbursements of the Administrators.
5. For Creditors to resolve:
 - a. That the administration should end; or
 - b. That the Company be wound up.
6. If Creditors resolve to wind up the Company:
 - a. To consider the appointment of an alternate Liquidator(s);
 - b. To consider approving the remuneration of the Liquidators;
 - c. To consider approving the internal disbursements of the Liquidators; and
 - d. To consider the early destruction of the Company books and records.
7. To consider the appointment of a Committee of Inspection.
8. To consider any other business that may be lawfully brought forward.

Proxies to be used at the meeting should be lodged at the office of the Administrators by 4:00 PM AEDT on the business day prior to the meeting. A creditor can only be represented by proxy or by an attorney pursuant to Insolvency Practice Rules (Corporations) (IPR) 75-150 & 75-155 or, if a body corporate, by a representative appointed pursuant to Section 250D of the Corporations Act 2001.

Special Instructions for Meeting

Attendees who wish to attend the meeting virtually are required to register to attend the meeting at the above link.

You will also need to provide a Formal Proof of Debt Form (including documentation to support your claim) and proxy form, if you are a corporate creditor or wish to be represented by another person.

In accordance with IPR 75-85, creditors will not be entitled to vote at this meeting unless they have previously lodged particulars of their claim against the Company with the Administrators and their claim has been admitted for voting purposes wholly or in part by the Administrators.

Upon receipt of a valid Formal Proof of Debt Form and Proxy, a link to access the virtual meeting will be emailed to you. This link will be unique for each attendee and unable to be shared with other parties. Telephone dial-in details will also be available for the virtual meeting. Those wishing to attend via telephone will also be required to complete the above registration process.

In accordance with IPR 5-5, a vote taken on a "show of hands" includes a vote taken using any electronic mechanism that indicates the intentions of a person in respect of a vote. This may include an attendee clicking a "raise a hand", or similar button, on a virtual meeting computer program, as well as verbally indicating their vote if dialling in to the meeting.

This definition is necessary to ensure that a show of hands may be used at a virtual meeting as an alternative to a poll.

DATED this 4th day of October 2022



JONATHON KEENAN
JOINT AND SEVERAL ADMINISTRATOR

BRI FERRIER
Level 30
Australia Square
264 George Street
Sydney NSW 2000



**Antra Group Pty Ltd AFT Antray
Trust**

**ACN 153 443 764
(Receiver and Manager
Appointed)(Administrators
Appointed)**

**Annexure "2"
Formal Proof of Debt Form**

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

To the Joint and Several Administrators of Antra Group Pty Ltd ATF Antray Trust (Receiver and Manager Appointed) (Administrators Appointed) ACN 153 443 764

1. This is to state that the company was, on 5 September 2022 ⁽¹⁾ and still is, justly and truly indebted to⁽²⁾ (full name):

.....
(‘Creditor’)

.....
of (full address)

for \$.....dollars and.....cents.

Particulars of the debt are *(please attach documents to support your claim e.g. purchase orders, invoices, interest schedules)*:

Date	Consideration ⁽³⁾ state how the debt arose	Amount \$ (Incl. GST)	Remarks ⁽⁴⁾ include details of voucher substantiating payment

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

Insert particulars of all securities held. Where the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, specify them in a schedule in the following form:

Date	Drawer	Acceptor	Amount \$ c	Due Date

☐ I am **not** a related creditor of the Company ⁽⁵⁾

☐ I am a related creditor of the Company ⁽⁵⁾
relationship:

3A.^{(6)*} 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, still remains unpaid and unsatisfied.

3B.^{(6)*} I am the creditor's agent authorised to make this statement in writing. I know that the debt was incurred and for the consideration stated and that the debt, to the best of my knowledge and belief, still remains unpaid and unsatisfied.

<input type="checkbox"/>	<p>I authorise the External Administrators' (whether as Voluntary Administrators/Deed Administrators/Liquidators) on behalf of the Company and his or her employees and agents to send and give electronic notification of documents in accordance with Section 600G of the Corporations Act 2001 to the following email address:</p> <p>Contact Name:</p> <p>Email Address:</p>
--------------------------	--

DATED this.....day of.....20...

NAME IN BLOCK LETTERS

Occupation.....

Address.....

Signature of Signatory

OFFICE USE ONLY

POD No:		ADMIT (Voting / Dividend) - Ordinary	\$
Date Received:		ADMIT (Voting / Dividend) – Preferential	\$
Entered into CORE IPS:		Reject (Voting / Dividend)	\$
Amount per CRA/RATA	\$	Object or H/Over for Consideration	\$
Reason for Admitting / Rejection			
PREP BY/AUTHORISED		TOTAL PROOF	\$
DATE AUTHORISED / /			

Proof of Debt Form Directions

- * Strike out whichever is inapplicable.
- (1) Insert date of Court Order in winding up by the Court, or date of resolution to wind up, if a voluntary winding up.
- (2) Insert full name and address (including ABN) 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.
- (3) Under "Consideration" state how the debt arose, for example "goods sold and delivered to the company between the dates of", "moneys advanced in respect of the Bill of Exchange".
- (4) Under "Remarks" include details of vouchers substantiating payment.
- (5) Related Party / Entity: Director, relative of Director, related company, beneficiary of a related trust.
- (6) If the Creditor is a natural person and this proof is made by the Creditor personally. In other cases, if, for example, you are the director of a corporate Creditor or the solicitor or accountant of the Creditor, you sign this form as the Creditor's authorised agent (delete item 3A). If you are an authorised employee of the Creditor (credit manager etc), delete item 3B.

Annexures

- A. If space provided for a particular purpose in a form is insufficient to contain all the required information in relation to a particular item, the information must be set out in an annexure.
- B. An annexure to a form must:
 - (a) have an identifying mark;
 - (b) and be endorsed with the words:
 - i) "This is the annexure of *(insert number of pages)* pages marked *(insert an identifying mark)* referred to in the *(insert description of form)* signed by me/us and dated *(insert date of signing)*; and
 - (c) be signed by each person signing the form to which the document is annexed.
- C. The pages in an annexure must be numbered consecutively.
- D. If a form has a document annexed the following particulars of the annexure must be written on the form:
 - (a) the identifying mark; and
 - (b) the number of pages.
- E. A reference to an annexure includes a document that is with a form.

The logo for BRI Ferrier, featuring the text "BRI Ferrier" in white on a dark grey background, with a green triangle on the right side.

BRI Ferrier

**Antra Group Pty Ltd AFT Antray
Trust**

**ACN 153 443 764
(Receiver and Manager
Appointed)(Administrators
Appointed)**

**Annexure "3"
Appointment of Proxy Forms**

APPOINTMENT OF PROXY

**ANTRA GROUP PTY LTD ATF ANTRAY TRUST
(RECEIVER AND MANAGER APPOINTED)(ADMINISTRATORS APPOINTED)
("THE COMPANY")
ACN 153 443 764**

*I/*We⁽¹⁾.....of.....

.....a creditor of **Antra Group Pty Ltd ATF Antray Trust**

(Receiver and Manager Appointed)(Administrators Appointed),

appoint⁽²⁾..... or in his or her absence

..... as *my/our general/special proxy to vote at the Second Meeting of
Creditors of the Company to be held on Wednesday, 12 October 2022 at 3:00 PM AEDT, or at any adjournment of
that meeting.

Please mark any boxes with an

X

Proxy Type:

☐

General

☐

Special

	For	Against	Abstain
<u>Resolution 1:</u> <i>"That the remuneration of the Joint and Several Administrators, their partners and staff for the period 5 September 2022 to 2 October 2022, be calculated on a time basis in accordance with the rates of charge annexed to the Voluntary Administrators' Second Report to Creditors dated 4 October 2022, be fixed and approved at \$160,610.50 (excl. GST), and that the Joint and Several Administrators be authorised to draw that amount."</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>Resolution 2:</u> <i>"That the remuneration of the Joint and Several Administrators, their partners and staff for the period 3 October 2022 to the Conclusion of the Voluntary Administration be calculated on a time basis in accordance with the rates of charge annexed to the Voluntary Administrators' Second Report to Creditors dated 4 October 2022 and approved to an interim cap of \$100,000.00 (excl. GST), and that the Joint and Several Administrators be authorised to draw that amount as and when incurred."</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>Resolution 3:</u> <i>"That the Joint and Several Administrators' be allowed internal disbursements at the rates of charge in the Voluntary Administrators' Remuneration Approval Report dated 4 October 2022, up to an amount of \$1,000.00 (excl. GST) and that the Joint and Several Voluntary Administrators be authorised to draw that amount as accrued."</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	For	Against	Abstain
Resolution 4: <i>"That the meeting be adjourned to up to a maximum of 45 business days."</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5⁽³⁾: <i>"That the Voluntary Administration should end."</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6⁽³⁾: <i>"That the Company be wound up."</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 – If creditors resolve to wind up the Company: <i>"That the remuneration of the Joint and Several Liquidators, their partners and staff for the period 12 October 2022 to the conclusion of the Liquidation, be calculated on a time basis in accordance with the rates of charge annexed to the Voluntary Administrators' Second Report to Creditors dated 4 October 2022 and approved to an interim cap of \$250,000.00 (plus GST), and that the Joint and Several Liquidators be authorised to draw that amount as and when incurred."</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8 – If creditors resolve to wind up the Company: <i>"That the Joint and Several Liquidators be allowed internal disbursements at the rates of charge in the Voluntary Administrator's Remuneration Approval Report dated 4 October 2022, up to an amount of \$2,000.00 (plus GST) and that the Joint and Several Liquidators be authorised to draw that amount as accrued."</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9 – If creditors resolve to wind up the Company: <i>"That subject to the consent of the Australian Securities & Investments Commission, the Liquidator be approved to destroy the books and records of the Company at any time after the dissolution of the Company."</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

INSTRUCTIONS FOR COMPLETING:

- * Strike out if inapplicable.
- (1) Insert name and address. 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) You may only vote in "favour" for one of these 2 resolutions relating to the future of the Company. You must vote "against" the other 1 resolution.
-

DATED thisday of October 2022

Signature

Proxies should be returned to the offices of BRI Ferrier by 4.00 PM AEDT one (1) business day prior to the meeting
by: Email: jkwok@brifnsw.com.au, or Fax: (02) 8263 2399, or Post: GPO Box 7079 SYDNEY NSW 2001

CERTIFICATE OF WITNESS – (This certificate is to be completed only if the person giving the proxy is blind or incapable of writing)

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

DATED thisday of 2022

Signature of Witness:

Description:

Place of Residence:



**Antra Group Pty Ltd AFT Antray
Trust**

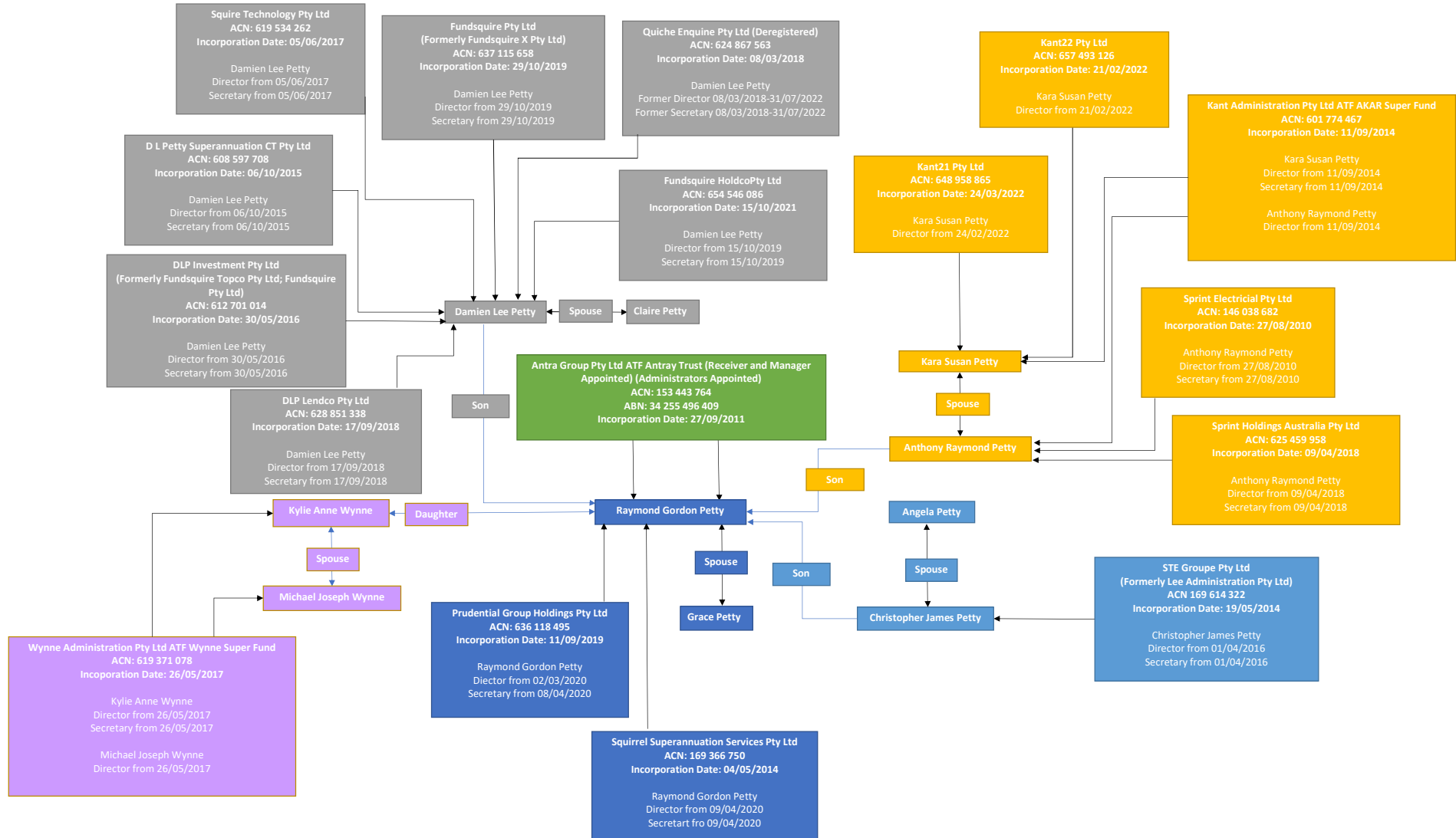
**ACN 153 443 764
(Receiver and Manager
Appointed)(Administrators
Appointed)**

**Annexure "4"
Organisation Structure Chart**

ANTRA GROUP PTY LTD ATF ANTRAY TRUST (Receiver and Manager Appointed) (Administrators Appointed)

ACN: 153 443 764

Organisation Structure Diagram





**Antra Group Pty Ltd AFT Antray
Trust**

**ACN 153 443 764
(Receiver and Manager
Appointed)(Administrators
Appointed)**

**Annexure "5"
Comparative Financial Statements**

Antra Group Pty Ltd ATF Antray Trust (Receiver and Manager Appointed) (Administrators Appointed) ACN 153 443 764 Balance Sheet For the Period as at 31 December 2018 to 30 Jun 2022 and 5 September 2022									
	Month Ended 31-Dec-18 (\$)	Month Ended 30-Jun-19 (\$)	Month Ended 31-Dec-19 (\$)	Month Ended 30-Jun-20 (\$)	Month Ended 31-Dec-20 (\$)	Month Ended 30-Jun-21 (\$)	Month Ended 31-Dec-21 (\$)	Month Ended 30-Jun-22 (\$)	Period Ended 05-Sep-22 (\$)
ASSETS									
Current Assets									
Antra Group Expenses	6,884	5,743	10,109	5,819	1,585	5,844	5,033	2,955	3,299
FIFO Capital - CBA Bank Acct	-	3,817	453,232	1,170,080	285,703	626,540	370,121	38,032	8,913
Accounts Receivable	15,538,119	17,239,115	17,168,875	17,606,545	18,545,363	18,812,122	20,017,872	21,877,158	21,896,559
Advances to Fundsquire Pty Ltd	-	-	-	-	-	-	-	439	614
Call Loan - DLP	(11,286)	8,956	15,573	19,287	19,287	19,287	22,787	22,787	22,787
Call Loan A/C	6,730,444	10,983,501	11,546,203	11,381,108	11,604,880	12,085,103	13,015,103	13,389,183	11,930,283
Holding Deposits	-	-	1,400	1,400	1,400	1,400	1,400	1,400	1,400
IF - Participation Out - Tonic Capital Pty Ltd	6,854	-	-	-	-	-	-	-	-
Loan - Prudential Group Holdings Pty Ltd	-	-	257,890	-	-	-	-	-	-
Loans to Franchisees - Millard Shaw Pty Ltd	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Loans to Franchisees - Tonic Capital Pty Ltd	696,000	696,000	696,000	696,000	696,000	696,000	696,000	696,000	696,000
Participation - Ventra Capital Private Pty Ltd	-	-	-	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	26,222	75,598	288,902	281,772
Total Current Assets	23,027,015	28,997,132	30,209,282	30,940,239	31,214,217	32,332,518	34,263,912	36,376,855	34,901,627
Non-Current Assets									
Computer Equipment	21,252	24,599	24,599	27,500	23,183	23,183	23,183	28,707	28,707
Less Accumulated Depreciation on Computer Equipment	(10,759)	(24,599)	(24,599)	(26,688)	(23,901)	(25,406)	(26,257)	(26,742)	(26,742)
Office Equipment	11,482	11,482	11,482	11,482	7,133	7,133	7,133	7,133	7,133
Less Accumulated Depreciation on Office Equipment	(11,482)	(11,482)	(11,482)	(11,482)	(7,133)	(7,133)	(7,133)	(7,133)	(7,133)
Plant & Equipment	-	-	340,000	340,000	340,000	340,000	340,000	340,000	340,000
Less Accumulated Depreciation on Plant & Equipment	-	-	-	(33,814)	(50,954)	(67,814)	(84,954)	(101,814)	(101,814)
Franchise Fee	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000
Franchise Fee - Accumulated Amortisation	(13,800)	(16,200)	(16,200)	(18,600)	(18,600)	(21,000)	(21,000)	(23,400)	(23,400)
Goodwill @ Cost	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Total Non-Current Assets	21,693	8,800	348,800	313,398	294,728	273,963	255,972	241,751	241,751
TOTAL ASSETS	23,048,708	29,005,932	30,558,082	31,253,637	31,508,945	32,606,481	34,519,884	36,618,606	35,143,378
LIABILITIES									
Current Liabilities									
Accounts Payable	306,547	399,305	491,348	570,736	378,768	407,436	515,919	600,364	329,038
Better Business Loan	-	-	-	250,894	247,580	198,510	148,352	97,056	79,844
Borrowings	17,987,769	23,337,028	25,596,283	26,304,705	26,042,240	28,396,351	30,086,630	32,122,397	32,067,939
Call Loan - RGP	39,119	79,483	87,310	88,049	72,519	38,310	17,829	24,586	24,986
FIFO Capital - CBA Bank Acct	459	-	-	-	-	-	-	-	-
GST	-	-	348	1,937	2,278	-	-	(29)	(30)
IF - Participation In	215,000	718,709	500,000	415,000	525,000	125,000	-	-	-
PAYG Withholdings Payable	(6,796)	(3,678)	(15,444)	(18,998)	(5,592)	-	4,027	1,315	86
R&D - Participation In	1,300,000	1,204,905	675,000	445,000	1,050,000	240,000	540,000	578,000	628,000
SL - Participation In - Derwent Capital Partners Pty Ltd	50000	0	-	-	-	-	-	-	-
SL - Participation In - Protea Holdings [ACN 008 766 569] as Trustee for the Broederbond Super Fund	330,000	330,000	75,000	-	-	-	-	-	-
SL - Participation In - R&K Wright Pty Ltd	170,000	170,000	-	-	-	-	-	-	-
Superannuation Payable	-	4,607	3,788	-	6,899	-	4,337	1,948	2,602
Suspense - Reconciliation Account	-	(1,070)	(1,135)	(15,359)	(20,210)	(14)	-	10,763	12,763
Suspense Account	(5,000)	-	-	-	-	-	-	-	-
Wages Payable A/C	302	-	-	-	35	-	(0)	280	(0)
Total Current Liabilities	20,387,399	26,239,288	27,412,497	28,041,965	28,299,517	29,405,593	31,317,095	33,436,680	33,145,228
Non-Current Liabilities									
Unexpired Chattel Mortgage - Plant & Equipment	-	-	297,901	269,784	240,663	210,502	179,296	146,944	135,905
Total Non-Current Liabilities	-	-	297,901	269,784	240,663	210,502	179,296	146,944	135,905
TOTAL LIABILITIES	20,387,399	26,239,288	27,710,399	28,311,749	28,540,180	29,616,095	31,496,390	33,583,624	33,281,134
NET ASSETS	2,661,309	2,766,644	2,847,684	2,941,888	2,968,765	2,990,386	3,023,494	3,034,982	1,862,245
EQUITY									
Current Year Earnings	551,255	656,590	81,040	175,244	26,878	48,498	33,108	44,596	(1,172,738)
Funds Introduced By Ray Petty	50,005	50,005	50,005	50,005	50,005	50,005	50,005	50,005	50,005
Retained Earnings	2,060,049	2,060,049	2,716,639	2,716,639	2,891,883	2,891,883	2,940,381	2,940,381	2,984,977
TOTAL EQUITY	2,661,309	2,766,644	2,847,684	2,941,888	2,968,765	2,990,386	3,023,494	3,034,982	1,862,245

Antra Group Pty Ltd ATF Antray Trust (Receiver and Manager Appointed) (Administrators Appointed)
ACN 153 443 764
Comparative Profit and Loss Statements
For the Half Financial Years Ended 31 December 2019 to 30 Jun 2022 and Part Year Ended 5 Sep 2022

	HFY Ended 31-Dec-19 (\$)	HFY Ended 30-Jun-20 (\$)	HFY Ended 31-Dec-20 (\$)	HFY Ended 30-Jun-21 (\$)	HFY Ended 31-Dec-21 (\$)	HFY Ended 30-Jun-22 (\$)	Part Year Ended 05-Sep-22 (\$)
Income							
Credit Check Income	50	-	-	540	660	-	-
Income - Participation Out	749	-	-	-	-	-	-
Insurance Fee Charged	270	211	250	163	76	-	-
Invoice Finance – Closing Income	129,650	174,035	65,059	10,100	15,699	15,251	859
Invoice Finance - Opening Income	87,391	57,682	99,314	178,182	63,885	20,707	1,236
Late Payment Fee	-	-	-	432	384	-	-
Legal Fees Recovered	-	2,805	-	-	-	-	-
Loan – Establishment Fees	14,405	-	4,410	1,423	4,440	-	-
Loan – Fee Income	373,404	268,850	284,974	247,778	251,246	257,848	81,007
Loan - Overdue Fees	105,720	179,568	125,959	115,952	125,095	113,768	38,970
Other Revenue	35,837	22,110	22,500	22,500	22,500	22,500	7,500
R&D - Closing Income	784,510	642,312	444,379	538,010	611,141	623,057	(1,276,749)
R&D – Opening Income	564,228	161,753	132,637	111,559	57,304	85,505	3,538
R&D - Penalty Interest Fee	-	131,851	232,186	229,451	230,966	225,484	70,921
Revenue - Plant & Equipment	4,600	1,500	9,600	-	-	-	-
Supply Chain Finance - Income	4,577	3,866	436	-	-	-	-
Trade Finance - Establishment Fee	25,854	14,460	-	-	-	-	-
Trade Finance - Income	33,382	73,858	5,348	-	-	-	-
Trade Finance - Overdue Fees Income	-	24,696	81,676	78,105	74,271	73,060	25,026
Government Incentives - Assessable	-	45,000	169,500	169,500	-	-	-
Government Incentives - Non-Assessable	-	28,853	87,878	87,878	30,536	-	-
Interest Income	73	-	73	73	-	-	-
Interest Income - Interest (Fundsquire Pty Ltd)	47,143	-	47,143	47,143	-	-	-
Cost of Sales							
Credit Check/Report Fees	(1,891)	(1,773)	(1,080)	(1,487)	(1,373)	(683)	(77)
FC - Royalty Charges	(71,095)	(27,220)	(37,943)	(51,026)	(19,139)	(14,287)	(1,647)
FC - Software Fee	(660)	(550)	(440)	(440)	(660)	(660)	-
Interest Expense	(1,468,287)	(716,938)	(1,167,405)	(577,117)	(590,777)	(1,170,687)	(42,493)
Loan Establishment Fees	(8,250)	-	-	(4,400)	-	(5,500)	(2,750)
Participation Cost	(309,460)	(358,368)	(123,535)	(117,350)	(79,557)	(99,096)	-
Plant & Equipment - Expenses	(1,115)	-	-	-	-	-	-
Plant & Equipment - Fuel	(3,484)	(858)	(449)	-	-	-	-
Plant & Equipment - Registration & Insurance	-	-	(4,909)	(6,023)	-	(289)	-
Plant & Equipment - Repairs & Maintenance	-	(2,315)	(14,012)	(1,178)	-	(11,409)	-
Referral Fees	(411)	(3,777)	(37)	-	-	(3,411)	(57,760)
Gross Profit	347,192	721,609	463,514	1,079,768	796,696	131,158	(1,152,418)
Expenses							
Accounting & Bookkeeping	219	5,885	8,184	3,663	4,965	-	3,047
Amortization Expense - Franchise fee	-	2,400	-	2,400	-	2,400	-
Annual Conferences & Subscriptions	75	300	-	-	-	-	-
Bank Fees	4,844	907	341	354	332	404	89
Business Meetings	19,677	5,610	1,059	847	411	621	34
Charity and Donation	105	-	-	-	450	-	-
Computer & Related	402	1,301	662	-	-	-	-
Consulting	1,117	702	221	363	225	93	66
Deal Commission	-	-	500	-	-	-	-
Depreciation	-	35,903	18,670	18,365	17,991	17,345	-
Fuel & Oil	2,111	686	666	609	914	1,190	157
Insurance	4,113	-	-	-	-	-	-
Legal Expenses	30,206	21,241	29,384	6,342	6,479	7,897	1,486
Marketing Expenses	25,668	13,425	1,320	1,320	1,320	1,320	-
Motor Vehicle Expenses	235	781	-	1,765	-	3,322	-
Office Expenses	1,988	149	-	1	1,875	2,344	-
Office Expenses - Central Melbourne	2,121	1,944	1,173	1,751	957	-	-
Office Expenses - Sydney South East	1,480	-	1,942	-	552	-	-
Online & Outside Services	3,010	1,470	2,446	864	2,365	968	1,710
Postage & Courier	10	11	83	334	43	202	-
Printing & Stationery	31	565	73	12	-	37	-
Rent	7,200	7,200	7,200	7,200	7,200	7,560	3,780
Repairs & Maintenance - Plant & Equipment	-	-	3,486	-	-	-	-
Repairs and Maintenance	3,810	-	-	-	-	-	-
Staff Welfare & Amenities	193	-	-	-	68	256	1,654
Superannuation	11,317	11,995	13,279	12,695	8,643	7,543	-
Telephone & Internet	6,803	6,613	7,263	4,298	4,606	6,144	2,145
Travel - National (Expenses)	6,694	3,933	2,495	-	-	-	-
Travel - National (Flights)	4,856	2,161	-	-	-	-	-
Wages and Salaries	120,126	128,442	139,770	135,134	86,646	59,906	6,152
Website Related	158	139	119	119	119	119	-
Total Expenses	258,572	253,764	240,336	198,437	146,161	119,669	20,319
Profit / (Loss) Before Income Tax	88,620	467,845	223,179	881,331	650,534	11,488	(1,172,738)
Income Tax Expense	-	-	-	-	-	-	-
Profit / (Loss) After Income Tax	88,620	467,845	223,179	881,331	650,534	11,488	(1,172,738)



**Antra Group Pty Ltd AFT Antray
Trust**

**ACN 153 443 764
(Receiver and Manager
Appointed)(Administrators
Appointed)**

**Annexure "6"
Deficiency Statements**

Antra Group Pty Ltd ATF Antray Trust (Receiver and Manager Appointed) (Administrators Appointed) A.C.N. 153 443 764				
	Book Value as at 05/09/2022 (\$)	Director's ERV (per ROCAP) (\$)	Administrators' ERV as at 05/09/2022 (\$)	Deficiency (\$)
Assets				
Cash and Cash Equivalents	12,212	174	-	
Loans/Debtors				
- Related Entity Debtors	19,792,073	-	-	
- Non- Related Entity Debtors	14,821,175	9,914,291	206,043	
Other Receivables	281,772	-	-	
Plant and Equipment	240,151	253,500	245,000	
Other Assets	3,000	-	-	
Total Assets	35,150,383	10,167,965	451,043	
Liabilities				
Priority Creditors	2,602	104,682	72,260	
Secured Creditors	14,066,905	13,934,000	13,330,924	
Unsecured Creditors:				
- Non-Related Entity Creditors	17,822,481	20,626,145	21,674,217	
- Related Entity Creditors	1,396,150	1,428,657	695,162	
Total Liabilities	33,288,138	36,093,484	35,772,564	
Estimated Net Asset / (Deficiency)	1,862,245	(25,925,519)	(35,321,521)	35,321,521

Antra Group Pty Ltd ATF Antray Trust (Receiver and Manager Appointed) (Administrators Appointed) A.C.N. 153 443 764 Deficiency Statement				
		Amount (\$)	Amount (\$)	
Deficiency of Assets to Liabilities				35,321,521
Add: Loss of Share Capital		50,005		
Estimated Total Deficiency of Assets to meet Liabilities				35,371,526
These losses are represented by:				
a) Retained Earnings				
Retained Earnings as at 30 June 2022		(2,984,977)		
Current Year Loss as at 5 September 2022		1,172,738		(1,812,240)
b) Estimated Loss on Realisation of Assets				
	Book Value as at 05/09/2022 (\$)	Administrators' ERV as at 05/09/2022 (\$)	Loss on Realisation (\$)	
Asset				
Cash and Cash Equivalents	12,212	-	12,212	
Loans/Debtors				
- Related Entity Debtors	19,792,073	-	19,792,073	
- Non- Related Entity Debtors	14,821,175	206,043	14,615,132	
Other Receivables	281,772	-	281,772	
Plant and Equipment	240,151	245,000	(4,849)	
Other Assets	3,000	-	3,000	
Total	35,150,383	451,043	34,699,340	34,699,340
c) Increase in Creditor Claims not disclosed in Balance Sheet				
	Book Value as at 05/09/2022 (\$)	Administrators' ERV as at 05/09/2022 (\$)	Unreported Liabilities (\$)	
Liabilities				
Priority Creditors	2,602	72,260	69,658	
Secured Creditors	14,066,905	13,330,924	(735,981)	
Partly Secured Creditors	-	-	-	
Unsecured Creditors:				
- Non-Related Entity Creditors	17,822,481	21,674,217	3,851,736	
- Related Entity Creditors	1,396,150	695,162	(700,988)	
Total	33,288,138	35,772,564	2,484,426	2,484,426
Deficiency as Above				35,371,526



**Antra Group Pty Ltd AFT Antray
Trust**

**ACN 153 443 764
(Receiver and Manager
Appointed)(Administrators
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**Annexure "7"
Estimated Statement of Position**

Antra Group Pty Ltd (Receiver and Manager Appointed) (Administrators Appointed)			
Estimated Outcome Statement			
DRAFT, CONFIDENTIAL, FOR DISCUSSION PURPOSES ONLY			
	Book Value as at 05/09/2022 (\$)	Administrators' ERV Liquidation (High)	Administrators' ERV Liquidation (Low)
ASSETS			
Total Non-Circulating Assets	104,246	246,500	245,000
Circulating Assets Subject to Ventra Capital Fund 3 Pty Ltd ("VCF3") /1st ranking secured creditor Security			
Cash and Cash Equivalents	12,212	-	-
Loans/Debtors			
- Non-related Party	12,399,877	1,408,183	-
- Related Party	19,792,073	Unknown	-
Other Receivables	281,772	-	-
Other Assets	3,000	-	-
Subtotal - Circulating Assets Subject to Ventra Capital Fund 3 Pty Ltd ("VCF3") /1st ranking secured creditor Security	32,488,934	1,408,183	-
Total Assets - Subject to Ventra Capital Fund 3 Pty Ltd ("VCF3") /1st ranking secured creditor Security	32,593,179	1,654,683	245,000
Asset Realisation Costs			
Receivers Remuneration and Other Costs		(165,468)	(165,468)
Other Asset Realisation costs		-	-
Total Asset Realisation Costs		(165,468)	(165,468)
Surplus/(Shortfall)		1,489,215	79,532
Assets Available for Priority Creditors		1,489,215	79,532
Priority Creditors			
Non-Related Party	2,602	70,260	70,260
Related Party		2,000	2,000
Total Priority Creditors	2,602	72,260	72,260
Distribution to Priority Creditors		72,260	72,260
Surplus/(Shortfall)		1,416,955	7,272
Assets Available VCF3 /1st ranking secured creditor	-	1,416,955	7,272
VCF3 Debts	9,600,000	9,828,422	9,828,422
Distribution to VCF3		1,416,955	7,272
Surplus/(Shortfall) for VCF3		(8,411,467)	(9,821,150)
Circulating Assets NOT Subject to VCF3 Security			
Participation Loans	2,421,298	2,386,032	206,043
Total Assets - NOT Subject to VCF3 /1st ranking secured creditor Security	2,421,298	2,386,032	206,043
Administrators' Remuneration and Costs			
Administrators' Remuneration and Costs		(220,000)	(260,000)
Administrators' Legal Fees		(15,000)	(25,000)
Total Administrators' Remuneration and Costs		(235,000)	(285,000)
Surplus/(Shortfall)		2,151,032	(78,957)
Assets Available for Protea Holdings Pty Ltd ATF Broederbond Superannuation Fund ("Protea") /2nd ranking secured creditor		2,151,032	-
Surplus from assets after discharge of VCF3 Debts, Realisation Costs and VA Costs	-	-	-
Surplus from assets NOT subject to VCF3 security		2,151,032	-
Protea Debts	1,031,000	1,107,074	1,107,074
Distribution to Protea			
Surplus/(Shortfall) for Protea		(1,107,074)	(1,107,074)
Assets Available for Dacosi Investment Pty Ltd ("Dacosi") /3rd ranking secured creditor	-	2,151,032	-
Dacosi Debts	400,000	413,107	413,107
Distribution to Dacosi		413,107	-
Surplus/(Shortfall) for Dacosi		1,737,925	(413,107)
Assets Available for Ventra Capital Private Pty Ltd ("VCP") /4th ranking secured creditor	-	1,737,925	-
VCP Debts	2,800,000	2,897,450	2,897,450
Distribution to VCP		1,737,925	-
Surplus/(Shortfall) for VCP		(1,159,525)	(2,897,450)
Assets Available for AMG BUSINESS FINANCE PTY LTD ("AMG") /5th ranking secured creditor	-	-	-
AMG Debts	100,000	102,038	102,038
Distribution to AMG		-	-
Surplus/(Shortfall) for AMG		(102,038)	(102,038)
Recovery Actions in Liquidation			
Voidable Transactions			-
Insolvent Trading Claims		13,000,000	-
Breach of Director Duties Claims			-
Total Recovery		13,000,000	-
Costs of Liquidation			
Liquidators' Remuneration and Costs		2,000,000	500,000
Liquidators' Legal Fees		3,000,000	500,000
Litigation Funder (45% of recovery)		5,850,000	-
Total Costs of Liquidation		10,850,000	1,000,000
Assets Available for Unsecured Creditors		2,150,000	-
Shortfall of Debts owed to Secured Creditors		9,574,532	13,135,247
Unsecured Creditors:			
- Non-Related Entity Creditors	17,822,481	21,674,217	21,674,217
- Related Entity Creditors	1,396,150	695,162	695,162
Total Unsecured Creditors	19,218,631	31,943,912	35,504,627
Surplus/(Shortfall)	1,862,244	(29,793,912)	(35,504,627)

Summary of Return to Creditors		Liquidation High Cents/\$	Liquidation Low Cents/\$
Secured Creditors			
Ventra Capital Fund 3 Pty Ltd ("VCF3") /1st ranking secured creditor		14	0.07
Protea Holdings Pty Ltd ATF Broederbond Superannuation Fund ("Protea") /2nd ranking secured creditor		Nil	Nil
Dacosi Investment Pty Ltd ("Dacosi") /3rd ranking secured creditor		100	Nil
Ventra Capital Private Pty Ltd ("VCP") /4th ranking secured creditor		60	Nil
AMG BUSINESS FINANCE PTY LTD ("AMG") /5th ranking secured creditor		Nil	Nil
Priority Creditors		100	100
Unsecured Creditors		7	Nil



**Antra Group Pty Ltd AFT Antray
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**ACN 153 443 764
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**Annexure "8"
ARITA Information Sheet –
Offences, Recoverable Transactions
and Insolvent Trading**

Creditor Information Sheet

Offences, Recoverable Transactions and Insolvent Trading



Offences

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

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

Recoverable Transactions

Preferences

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

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

Uncommercial Transaction

An uncommercial transaction is one that it may be expected that a reasonable person in the company's circumstances would not have entered into, having regard to:

- the benefit or detriment to the company;
- the respective benefits to other parties; and,
- any other relevant matter.

To be voidable, an uncommercial transaction must have occurred during the two years before the liquidation. However, if a related entity is a party to the transaction, the period is four years and if the intention of the transaction is to defeat creditors, the period is ten years.

The company must have been insolvent at the time of the transaction, or become insolvent because of the transaction.

Unfair Loan

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

Arrangements to avoid employee entitlements

If an employee suffers loss because a person (including a director) enters into an arrangement or transaction to avoid the payment of employee entitlements, the liquidator or the employee may seek to recover compensation from that person. It will only be necessary to satisfy the court that there was a breach on the balance of probabilities. There is no time limit on when the transaction occurred.

Unreasonable payments to directors

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

Voidable charges

Certain charges over company property are voidable by a liquidator:

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

Insolvent trading

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

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

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

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

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

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

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



**Antra Group Pty Ltd AFT Antray
Trust**

**ACN 153 443 764
(Receiver and Manager
Appointed)(Administrators
Appointed)**

**Annexure "g"
Administrators' Receipts and
Payments**

Summarised Receipts & Payments

Antra Group Pty Ltd
(Receiver and Manager Appointed)(Administrators Appointed)
Transactions From 05 September 2022 To 02 October 2022

A/C	Account	Net	GST	Gross
88	Indemnity Funding	25,000.00	0.00	25,000.00
Total Receipts (inc GST)		\$25,000.00	\$0.00	\$25,000.00
Total Payments (inc GST)		\$0.00	\$0.00	\$0.00
Balance in Hand - By Bank Account				
212	Cheque Account			25,000.00
				\$25,000.00

Peter Krejci
Joint and Several Administrator



**Antra Group Pty Ltd AFT Antray
Trust**

**ACN 153 443 764
(Receiver and Manager
Appointed)(Administrators
Appointed)**

**Annexure "10"
Remuneration Approval Reports**

Remuneration Approval Report

**ANTRA GROUP PTY LTD ATF ANTRAY
TRUST**
(RECEIVER AND MANAGER APPOINTED)
(ADMINISTRATORS APPOINTED)

ACN 153 443 764

4 October 2022

Jonathon Keenan & Peter Krejci

Novabrif Pty Ltd ABN 61 643 013 610
Level 30, Australia Square, 264 George Street, Sydney NSW 2000
GPO Box 7079, Sydney NSW 2001
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1 EXECUTIVE SUMMARY

We are asking creditors to approve the following remuneration and disbursements.

	Remuneration (excl. GST) (\$)	Disbursements (excl. GST) (\$)
Voluntary Administration (VA)	260,610.50	1,000.00
If Company is liquidated	250,000.00	2,000.00

Details of our remuneration can be found in section 3 and 4 of this report.

Creditors will be asked to pass resolutions in relation to our remuneration at the Second Meeting of Creditors on Wednesday, 12 October 2022.

We estimate the total cost of the Voluntary Administration will be \$230,610.50 (excl. GST). This has increased from our previous estimate in the Initial Remuneration Notice largely because we will likely adjourn the forthcoming Second Meeting of Creditors in order to allow further time for the Director to formulate a DOCA proposal for creditors' consideration.

We expect that there will be further remuneration approval requests for a subsequent appointment at the resumed Second Meeting of Creditors, either as Deed Administrator or Liquidator.

2 DECLARATION

We have undertaken an assessment of this remuneration and disbursement claim in accordance with law and applicable professional standards. We are satisfied that the remuneration and disbursements claimed is necessary and proper.

We have reviewed the work in progress report for the Administration to ensure that remuneration is only being claimed for necessary and proper work performed and no adjustment was necessary.

3 REMUNERATION SOUGHT

The remuneration we are asking creditors to approve is as follows:

For	Period	Amount \$ (excl. GST)	Rates to apply	When it will be drawn
Completed Work	5 September 2022 to 2 October 2022	160,610.50	Provided in our First Report to Creditors dated 7 September 2022	It will be drawn when funds are available.

For	Period	Amount \$ (excl. GST)	Rates to apply	When it will be drawn
Future Work	3 October 2022 to conclusion	100,000.00	Provided in our First Report to Creditors dated 7 September 2022	It will be drawn when funds are available and incurred.
VA total		260,610.50 (excl. GST)		
If Company liquidated – Future work	12 October 2022 to finalisation of liquidation	250,000.00	Provided in our First Report to Creditors dated 7 September 2022	It will be drawn when funds are available.
Liquidation total		250,000.00 (excl. GST)		

Details of the work already completed and future work that we intend to do are included at Schedule A.

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

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

We will only seek approval of the resolution for the liquidation if creditors vote to place the Company into liquidation.

4 DISBURSEMENT SOUGHT

We are not required to seek creditor approval for costs paid to third parties or where we are recovering a cost incurred on behalf of the administration, but we must provide details to creditors. To date, we have not paid any such costs in the administration.

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

For more information about disbursements, please refer to the Initial Remuneration Notice sent to you on 7 September 2022.

For disbursements we would like creditors to approve are as follows:

For	Period	Amount (excl. GST) (\$)
Disbursements incurred during the VA period	5 September 2022 to conclusion	1,000.00

For	Period	Amount (excl. GST) (\$)
VA total (excl. GST)		1,000.00
If Company liquidated - Future disbursements	12 October 2022 to conclusion	2,000.00
Liquidation total (excl. GST)		2,000.00

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

5 LIKELY IMPACT ON DIVIDENDS

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

An estimated outcome statement is attached as **Annexure 7** of the Second Report to Creditors dated 4 October 2022. Any dividend payable to creditors will depend on a range of variables, particularly the decision creditors make on the future of the Company, future realisations, our estimated remuneration as we have set out in this report and creditor claims.

6 SUMMARY OF RECEIPTS AND PAYMENTS

A summary of the receipts and payments for the Liquidation as at 4 October 2022 is at **Annexure 9** to the Second Report to Creditors dated 4 October 2022.

7 QUERIES & INFORMATION SHEET

If you have any queries in relation to the information in this report, please contact our office.

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

- ▲ ARITA at www.arita.com.au/creditors
- ▲ ASIC at <http://www.asic.gov.au> (search for INFO 85).

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

8 ATTACHMENTS

Schedule A – Details of work

Schedule B – Time spent by staff on each major task

Schedule C – Resolutions

Schedule D – Disbursements

SCHEDULE A – DETAILS OF WORK

Company		Antra Group Pty Ltd ATF Antray Trust (Receiver and Manager Appointed) (Administrators Appointed)	Period From	5 September 2022	To	Conclusion
Practitioner		Jonathon Keenan & Peter Krejci	Firm	BRI Ferrier		
Administration Type		Administrators Appointed				
		Tasks				
		Work completed (excl. GST)	Future work (excl. GST)	If wound up		
				Liquidation Work		
Period		5 September 2022 to 2 October 2022	3 October 2022 to conclusion		12 October to conclusion	
Amount (excl. GST)		\$160,610.50	\$100,000.00		\$250,000.00	
Task Area	General Description					
Assets		34.9 Hours \$19,499.00	\$15,000.00		\$10,000.00	
	Leasing	Issuing PPSR letters	N/A		N/A	
	Debtors	Reviewing and assessing debtors’ ledgers Meeting with R&M to discuss financial position, particularly loan book Reviewing loan documentation and terms	Reviewing and assessing debtors’ ledgers Reviewing loan documentation and terms Liaising with R&M regarding update on debtor recoveries		Reviewing and assessing debtors’ ledgers Reviewing loan documentation and terms Liaising with R&M regarding update on debtor recoveries	

		<p>Liaising with R&M regarding update on debtor recoveries</p> <p>Meeting with Director to discuss loan book</p> <p>Correspondence with Director regarding queries on debtors</p>	Correspondence with Director regarding queries on debtors	
	Other Assets	<p>Discussions regarding reinstatement of Company as trustee</p> <p>Reviewing deed of variation for trust</p>	Executing deed of variation for trust	Tasks associated with realising other assets
Creditors		<p>144.9 Hours</p> <p>\$67,262.00</p>	\$45,000.00	\$70,000.00
	Creditor Enquiries	<p>Receive and respond to creditor enquiries</p> <p>Receive and follow up creditor enquiries by telephone</p> <p>Review and prepare correspondence to creditors and their representatives by email and post</p>	<p>Receive and respond to creditor enquiries</p> <p>Receive and follow up creditor enquiries by telephone</p> <p>Review and prepare correspondence to creditors and their representatives by email and post</p> <p>Compiling information requested by creditors</p>	<p>Receive and respond to creditor enquiries</p> <p>Receive and follow up creditor enquiries by telephone</p> <p>Review and prepare initial correspondence to creditors and their representatives</p> <p>Considering reasonableness of creditor request</p> <p>Obtaining legal advice on requests</p> <p>Compiling information requested by creditors</p>
	Creditor Reports	<p>Preparing and issuing First Report to Creditors regarding notification of appointment and convening First Meeting of Creditors</p> <p>Preparation of necessary annexures for First Report to Creditors</p> <p>Preparing Second Report to Creditors detailing investigations</p>	<p>Preparing and issuing Second Report to Creditors detailing investigations and convening Second Meeting of Creditors</p> <p>Preparation of necessary Annexures for Second Report to Creditors</p> <p>Preparing and issuing Supplementary Second Report to Creditors to resume Second Meeting of Creditors</p>	<p>Prepare Circular to Creditors regarding Liquidation</p> <p>Prepare Statutory Report to Creditors</p> <p>Preparation of necessary Annexures for Statutory Report to Creditors</p>

	Dealing with proofs of debt	Receipting and filing POD when not related to a dividend Maintaining register of Proofs of Debts received Reviewing supporting documentation from creditors	Receipting, processing, and filing Proofs of Debts when not related to a dividend Maintaining register of Proofs of Debts received Reviewing supporting documentation from creditors	Receipting, processing, and filing Proofs of Debts when not related to a dividend Maintaining register of Proofs of Debts received Reviewing supporting documentation from creditors
	Proposal to Creditors	N/A	N/A	Preparing proposal notices and voting forms Reviewing votes and determining outcome of proposal Preparation and lodgement of proposal outcome with ASIC
	Secured creditor reporting	Notifying PPSR registered creditors of appointment Reviewing secured creditors' documents Correspondence with Secured Creditors Consider validity of registered security interests	Correspondence with Secured Creditors Reviewing secured creditors' documents Consider validity of registered security interests	Correspondence with Secured Creditors Reviewing secured creditors' documents Consider validity of registered security interests
	First Meeting of Creditors	Preparation of meeting notices, proxies and advertisements Sending Notice of Meeting to all known creditors Preparation of meeting file, including agenda, attendance register, list of creditors, report to creditors,	N/A	Preparation of meeting notices, proxies and advertisements Sending Notice of Meeting to all known creditors Preparation of meeting file, including agenda, attendance register, list of creditors, report to creditors,

		advertisement of meeting and draft minutes of meeting Preparation and lodgement of minutes of meetings with ASIC Responding to stakeholder queries and questions immediately following meeting		advertisement of meeting and draft minutes of meeting Preparation and lodgement of minutes of meetings with ASIC Responding to stakeholder queries and questions immediately following meeting
	Proposal for Deed of Company Arrangement	Liaising with Director and lawyers regarding DOCA Consider potential outcome for DOCA	Liaising with Director and lawyers regarding DOCA Consider potential outcome for DOCA Discussions regarding funding requirements for DOCA Review of draft DOCA and liaise with Director regarding same	N/A
	Second Meeting of Creditors	N/A	Preparation of meeting notices, proxies and advertisements Sending Notice of Meeting to all known creditors Preparation of meeting file, including agenda, attendance register, list of creditors, report to creditors, advertisement of meeting and draft minutes of meeting	N/A
Investigation		120.9 Hours \$55,153.00	\$30,000.00	\$140,000.00

	Conducting Investigation	<p>Conducting and summarising statutory searches</p> <p>Reviewing Company's books and records</p> <p>Follow up with Director to obtain books and records of the Company</p> <p>Preparation of comparative financial statements</p> <p>Preparation of deficiency statement</p> <p>Preparation of working capital analysis</p> <p>Preparation of investigation file</p> <p>Review of specific transactions and liaising with director regarding certain transactions</p>	<p>Obtaining and reviewing further Company's books and records</p> <p>Correspondence with Director regarding enquiries into financial statements</p> <p>Preparation of updated comparative financial statements if necessary</p> <p>Preparation of updated deficiency statement if necessary</p> <p>Lodgement of investigation with ASIC</p>	<p>Obtaining and reviewing further Company's books and records</p> <p>Reviewing Company's books and records</p> <p>Preparation of updated comparative financial statements if necessary</p> <p>Preparation of updated deficiency statement if necessary</p> <p>Review of specific transactions and liaising with director regarding certain transactions</p> <p>Conducting investigations into potential voidable transactions</p> <p>Preparation of updated investigation file</p> <p>Lodgement of investigation with ASIC</p> <p>Preparation and lodgement of supplementary report if required</p>
	Litigation/ Recoveries	N/A	N/A	<p>Conducting investigations into potential claims against Director and related parties</p> <p>Consider conducting public examinations</p> <p>Seeking funding to conduct further investigations and public examinations</p> <p>Preparing brief to solicitors</p> <p>Consider outcome from public examinations</p> <p>Liaising with solicitors regarding recovery actions</p> <p>Commencing recovery action against Director and/or related parties</p>

				Negotiating commercial settlement, if necessary
	ASIC Reporting	N/A	Preparing statutory investigation reports Liaising with ASIC	Preparing statutory investigation reports Liaising with ASIC
Employees		1.1 Hours \$469.50	\$2,000.00	\$10,000.00
	Employees enquiries	Correspondence with employees	Correspondence with employees Any other tasks associated with employees	Receive and follow up employee enquiries via telephone Maintain employee enquiry register
	FEG	Correspondence with FEG	Correspondence with FEG	Correspondence with FEG Preparing notification spreadsheet Preparing FEG quotations Completing FEG quotations Completing FEG questionnaires
	Calculation of entitlements	N/A	Calculating employee entitlements Reviewing employee files and Company's books and records	Calculating employee entitlements Reviewing employee files and Company's books and records Reconciling superannuation accounts Reviewing awards
	Employee dividend	N/A	N/A	Correspondence with employees regarding dividend Correspondence with ATO regarding SGC proof of debt Calculating dividend rate Preparing dividend file Advertising dividend notice Preparing distribution Receipting POD Adjudicating POD Ensuring PAYG is remitted to ATO

	Other employee issues	N/A	N/A	Correspondence with Centrelink
Administration		39.8 Hours \$18,227.00	\$8,000.00	\$20,000.00
	ASIC Forms and lodgements	Preparing and lodging ASIC forms including 505, 205, 531, 507 etc Preparing and lodging ASIC PNW Advert	N/A	Preparing and lodging ASIC forms including 505, 5602/5603, etc Correspondence with ASIC regarding statutory forms
	Bank account administration	Preparing correspondence opening bank account Bank account reconciliations Preparing receipt and payment vouchers	Bank account reconciliations	Preparing receipt and payment vouchers Bank account reconciliations
	Books and Records/ Storage	N/A	N/A	Dealing with records in storage Sending job files to archive storage
	Correspondence	Correspondence with various parties	Correspondence with various parties	Correspondence with various parties
	Document maintenance/file review/checklist	Preparing and updating job checklists Filing of documents	Updating job checklists Filing of documents	Filing of documents File reviews Updating checklists
	ATO and other statutory reporting	Notification of appointment	N/A	Notification of appointment Preparing BAS
	Planning / Review	Discussions regarding status of administration	Discussions regarding status of administration	Discussions regarding status of administration
	Finalisation	N/A	Notifying ATO of finalisation Completing checklists Finalising WIP	Notifying ATO of finalisation Cancelling ABN/GST/PAYG registration Completing checklists Finalising WIP

SCHEDULE B – TIME SPENT BY STAFF ON MAJOR TASKS (WORK ALREADY COMPLETED)

Antra Group Pty Ltd ATF Antray Trust (Receiver and Manager Appointed)(Administrators Appointed)

ACN 153 443 764

For the Period 5 September 2022 to 2 October 2022

Staff Classification	Name	Hourly Rate	Administration		Assets		Creditors		Employees		Investigations		Total	Sum of Net_WIP
		\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Appointee	Jonathon Keenan	680.00	4.6	3,128.00	11.6	7,888.00	17.9	12,172.00	-	-	9.0	6,120.00	43.1	29,308.0
Appointee	Peter Krejci	680.00	5.7	3,876.00	0.5	340.00	2.7	1,836.00	-	-	7.4	5,032.00	16.3	11,084.0
Director	David Cocker	590.00	-	-	-	-	0.1	59.00	-	-	-	-	0.1	59.0
Senior Manager	Katherine La	545.00	8.1	4,414.50	12.3	6,703.50	35.0	19,075.00	0.7	381.50	35.4	19,293.00	90.8	49,867.5
Supervisor	Kristine Hu	435.00	5.5	2,392.50	10.5	4,567.50	53.4	23,229.00	-	-	31.6	13,746.00	101.0	43,935.0
Senior 2	Jenny Kwok	310.00	10.2	3,162.00	-	-	33.5	10,385.00	-	-	27.3	8,463.00	71.0	22,010.0
Intermediate 2	Sushma Mandira	245.00	-	-	-	-	-	-	-	-	10.2	2,499.00	10.2	2,499.0
Senior Administration	Sonia Stelmach	220.00	0.5	110.00	-	-	-	-	-	-	-	-	0.5	110.0
Senior Administration	Jessica Mula	220.00	5.2	1,144.00	-	-	2.3	506.00	0.4	88.00	-	-	7.5	1,738.0
Grand Total			39.8	18,227.00	34.9	19,499.00	144.9	67,262.00	1.1	469.50	120.9	55,153.00	340.5	160,610.50
													GST	16,061.05
													Total (incl. GST)	176,671.55
Average rate per hour				457.96		558.71		464.20		426.82		456.19		471.69

SCHEDULE C – RESOLUTIONS

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

Resolution 1: Administrators’ Remuneration for the period 5 September 2022 to 2 October 2022

“That the remuneration of the Joint and Several Administrators, their partners and staff for the period 5 September 2022 to 2 October 2022, be calculated on a time basis in accordance with the rates of charge annexed to the Voluntary Administrators’ Second Report to Creditors dated 4 October 2022, be fixed and approved at \$160,610.50 (excl. GST), and that the Joint and Several Administrators be authorised to draw that amount.”

Resolution 2: Administrators’ Remuneration for the period 3 October 2022 to Conclusion

“That the remuneration of the Joint and Several Administrators, their partners and staff for the period 3 October 2022 to Conclusion be calculated on a time basis in accordance with the rates of charge annexed to the Voluntary Administrators’ Second Report to Creditors dated 4 October 2022 and approved to an interim cap of \$70,000.00 (excl. GST), and that the Joint and Several Administrators be authorised to draw that amount as and when incurred.”

Resolution 12: Liquidators’ Remuneration for the period 12 October 2022 to Conclusion

“That the remuneration of the Joint and Several Liquidators, their partners and staff for the period 12 October 2022 to the conclusion of the Liquidation, be calculated on a time basis in accordance with the rates of charge annexed to the Voluntary Administrators’ Second Report to Creditors dated 4 October 2022 and approved to an interim cap of \$250,000.00 (plus GST), and that the Joint and Several Liquidators be authorised to draw that amount as and when incurred.”

SCHEDULE D – DISBURSEMENTS

Disbursements are divided into three types:

- Externally provided professional services - these are recovered at cost. An example of an externally provided 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 charge 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.

We advise that to date we have not paid any disbursements incurred during this Administration by our Firm.

We are not obliged to seek creditor approval for disbursements paid to third parties, but must account to creditors, this includes providing details of the basis of charging for these types of disbursements to creditors as part of the Remuneration Approval Report. We are required to seek creditor approval for internal disbursements where there could be a profit or advantage. Accordingly, we will be seeking approval from creditors for the following resolution:

Resolution 3: Administrators' Internal Disbursements for the period 5 September 2022 to Conclusion

"That the Joint and Several Administrators' be allowed internal disbursements at the rates of charge in the Voluntary Administrators' Remuneration Approval Report dated 4 October 2022, up to an amount of \$1,000.00 (excl. GST) and that the Joint and Several Voluntary Administrators be authorised to draw that amount as accrued."

Resolution 13: Liquidators' Internal Disbursements for the period 12 October 2022 to Conclusion

"That the Joint and Several Liquidators be allowed internal disbursements at the rates of charge in the Voluntary Administrator's Remuneration Approval Report dated 4 October 2022, up to an amount of \$2,000.00 (plus GST) and that the Joint and Several Liquidators be authorised to draw that amount as accrued."

Future disbursements provided by our Firm will be charged to the administration on the following basis:

Disbursement Type	Rate (excl. GST)
Externally provided professional services	At cost
Externally provided non-professional costs	At cost
Internal disbursements	
ASIC Charges for appointments and notifiable events	At cost
Faxes and Photocopying	\$0.25 per page
Postage	At cost
Staff vehicle use	In accordance with ATO mileage allowance



**Antra Group Pty Ltd AFT Antray
Trust**

**ACN 153 443 764
(Receiver and Manager
Appointed)(Administrators
Appointed)**

**Annexure "11"
Advice to Creditors About
Remuneration**

ADVICE TO CREDITORS ABOUT REMUNERATION

Insolvency Practice Schedule (Corporations) 70-50
Insolvency Practice Rules (Corporations) 70-35

Antra Group Pty Ltd (In Liquidation)
ATF Antray Trust
ACN 153 443 764 ("the Company")

The purpose of the Initial Remuneration Notice is to provide you with information about how our remuneration for undertaking the Liquidation will be set.

A REMUNERATION METHOD

There are four methods for calculation of remuneration that can be used to calculate the remuneration of an Insolvency Practitioner. They are:

- Time based / hourly rates or "Time Cost"

This is the most common method. It provides for remuneration to be charged at an hourly rate for each person working on the matter. The hourly rate charged will reflect the level of experience each person has.

- Fixed Fee

The total remuneration for the administration is quoted at commencement of the appointment and is the total charge for the administration. Sometimes a practitioner will finalise an administration for a fixed fee.

- Percentage

The remuneration for the appointment is based on a percentage of a particular variable, such as the gross proceeds of asset realisations.

- Contingency

The total remuneration for the matter is structured to be contingent on a particular outcome being achieved.

B METHOD CHOSEN

Given the nature of this administration, We propose that our remuneration be calculated on the time based / hourly rates method. In our opinion, this is the fairest method for the following reasons:

- We will only be paid for work done, subject to sufficient realisations of the Company assets.
- It ensures creditors are only charged for work that is performed. Our time are recorded and charged in six-minute increments and staff are allocated to duties according to their relevant experience and qualifications.

- We are required to perform a number of tasks which do not relate to the realisation of assets, including responding to creditor enquiries, reporting to the ASIC, distributing funds in accordance with the provisions of the Corporations Act 2001.

BRI Ferrier reviews its hourly rates every twelve months. The hourly rates quoted below remain current until 30 June 2023. At this time BRI Ferrier may increase the hourly rates charged for work performed past that date. If hourly rates are increased, we will seek approval from creditors.

C EXPLANATION OF HOURLY RATES

The rates applicable are set out in the table on the following page together with a general guide to the qualifications and experience of staff engaged in administration and the role they undertake in the administration. The hourly rates charged encompass the total cost of providing professional services and are not comparable to an hourly wage rate.

Title	Description	Hourly Rates (ex GST)
Principal/Appointee	A Liquidator and/or Registered Trustee. A senior accountant with over 10 years' experience who brings specialist skills and experience to the appointment. Leads the team carrying out the appointment.	\$680
Director	An accountant with more than 10 years' experience. May be a Registered Liquidator. Fully qualified and able to control all aspects of an appointment. May have specialist industry knowledge or skills. Assists with all facets of appointment.	\$590
Senior Manager	An accountant with more than 7 years' experience. Qualified and answerable to the Team Leader. Self-sufficient in completing and planning all aspects of large appointments.	\$545
Manager	An accountant with at least 6 years' experience. Typically qualified with well-developed technical and commercial skills. Controls and plans all aspects of medium to larger appointments, reporting to the Team Leader.	\$505
Assistant Manager	An accountant with more than 5 years' experience. Typically qualified with sound technical and commercial skills. Plans and controls smaller matters independently. Assists with management of staff and medium to large appointments.	\$470
Supervisor	An accountant with more than 4 years' experience. Typically qualified with sound knowledge of insolvency principles and developing commercial skill. Assists to plan and control specific tasks on medium to larger appointments. Often undertaking post qualification study specialising in Insolvency and Reconstruction.	\$435
Senior 1	An accountant with more than 2 years' experience. Typically a graduate undertaking study leading to professional qualification as a Chartered Accountant or CPA. Able to complete work on appointments with limited supervision.	\$370
Senior 2	An accountant with less than 2 years' experience. Typically a graduate who has commenced study leading to professional qualifications. Able to complete many tasks on medium to large appointments under supervision.	\$310
Intermediate 1	An accountant with less than 2 years' experience. Typically a graduate and commencing study for qualifications. Able to complete multiple tasks on smaller to medium appointments under supervision.	\$270
Intermediate 2	An accountant with less than 1 year's experience. A trainee undertaking degree with an accountancy major. Assists in the appointment under supervision.	\$245

Title	Description	Hourly Rates (ex GST)
Senior Administration	Appropriately skilled and undertakes support activities including but not limited to treasury, word processing and other administrative, clerical and secretarial tasks.	\$220
Junior Administration	Appropriately skilled and undertakes support activities including but not limited to treasury, word processing and other administrative, clerical and secretarial tasks.	\$150

D DISBURSEMENTS

Disbursements are divided into three types:

- Externally provided professional services - these are recovered at cost. An example of an externally provided 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 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.

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

We are required to obtain creditor's consent for the payment of internal disbursements. Creditors will be asked to approve our internal disbursements prior to these disbursements being paid from the administration.

Details of the basis of recovering disbursements in this administration are provided below.

Disbursement Type	Rate (excl GST)
Externally provided professional services	At cost
Externally provided non-professional costs	At cost
Internal disbursements	
Faxes and Photocopying	\$0.25 per page
Postage	At cost
Staff vehicle use	In accordance with ATO mileage allowances



**Antra Group Pty Ltd AFT Antray
Trust**

**ACN 153 443 764
(Receiver and Manager
Appointed)(Administrators
Appointed)**

**Annexure "12"
ASIC Information Sheet**



ASIC

Australian Securities & Investments Commission

Insolvency information for directors, employees, creditors and shareholders

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

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

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

List of information sheets

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

Where can I get more information?

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

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

Last updated: 01/09/2017 10:57