

**BRI Ferrier**

## **SECOND REPORT TO CREDITORS**

**AUSSIE STRENGTH PTY LTD**

**ACN 150 420 625**

**AUSSIE STRENGTH GLOBAL PTY LTD**

**ACN 646 609 501**

**(BOTH ADMINISTRATORS APPOINTED)  
("THE COMPANIES")**

**13 October 2022**

**JONATHON KEENAN**

**PETER KREJCI**

**Joint and Several Administrators**

**AUSSIE  
STRENGTH**



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## INTRODUCTION

We refer to our First Report to Creditors dated 15 September 2022 in which our appointment as Joint and Several Administrators of the Companies 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

|                          |   |
|--------------------------|---|
| <b>Name</b>              | Aussie Strength Pty Ltd                         |
| <b>Incorporated</b>      | 13 April 2011                                   |
| <b>ACN/ABN</b>           | 150 420 625/61 150 420 625                      |
| <b>Registered Office</b> | Level 4, 1 James Place<br>North Sydney NSW 2060 |
| <b>Trading Address</b>   | 99 Percival Road<br>Smithfield NSW 2164         |
| <b>Name</b>              | Aussie Strength Global Pty Ltd                  |
| <b>Incorporated</b>      | 15 December 2020                                |
| <b>ACN/ABN</b>           | 646 609 501/21 646 609 501                      |
| <b>Registered Office</b> | 99 Percival Road<br>Smithfield NSW 2164         |
| <b>Trading Address</b>   | 99 Percival Road<br>Smithfield NSW 2164         |

### ADMINISTRATORS

|                       |                                     |
|-----------------------|-------------------------------------|
| <b>Name</b>           | Jonathon Keenan and<br>Peter Krejci |
| <b>Date Appointed</b> | 13 September 2022                   |

### ADMINISTRATION CONTACT

|              |                         |
|--------------|-------------------------|
| <b>Name</b>  | Max Florian             |
| <b>Email</b> | mflorian@brifnsw.com.au |
| <b>Phone</b> | 02 8263 2300            |

## EXECUTIVE SUMMARY

As you are aware, we, Jonathon Keenan and Peter Krejci, were appointed Joint and Several Administrators of Aussie Strength Pty Ltd (“AS”) and Aussie Strength Global Pty Ltd (“ASG”) (referred to together as the “Companies”) on 13 September 2022 pursuant to Section 436A of the Corporations Act 2001.

Pursuant to Section 439A of the Act, we have convened the Second Meetings of Creditors to be held concurrently on **Thursday, 20 October 2022 at 11:00AM AEDT**. Please find attached as **Annexure “1”** the Notice of Second Meetings of Creditors for your information. The meetings will be held in our offices with virtual meeting technology also made available should creditors wish to attend the meetings virtually. Further details on the meetings are disclosed in Section 19 of this report.

We summarise below our observations of the Companies’ affairs, our preliminary investigations and the potential outcomes for creditors from this Administration process.

The Companies are in the business of selling commercial grade gym and exercise equipment via Aussie Strength and Valkyrie brands. The business traded on a wholesale and B2B basis, also with an e-commerce platform for retail clients. The Companies operated from leased premises in Smithfield NSW, which was owned by a related entity, Valkyrie Property Group Pty Ltd (“VPG”).

We were appointed following the Australian Taxation Office taking action to collect historical PAYG and GST debts owed by AS, which resulted in a Director Penalty Notice being issued to the Director, Andrew Taylor. AS was not in a position to discharge the debt, and AS’s collapse in turn caused the failure of ASG which was reliant on AS for essential aspects of its business, including access to equipment, premises and staff. On our appointment it was clear that there was an acute cash flow problem with only around \$20K cash on hand between the entities.

By way of background it appears that around 2 - 3 years ago a dispute arose between the Director and a former Director, Gavin Crown, that resulted in litigation being brought between those parties, also with the Companies as defendants. The dispute appears included an argument over an alleged equity interest in the Aussie Strength business and the property held by VPG.

Shortly after the dispute arose and Mr Crown exited the AS business, in 2020, the Director sold the business and its stock to a new entity he established, ASG. The result being that AS would continue to hold the lease, equipment and employ staff, providing access to those resources via management fee arrangements to ASG, who continued operate the business, selling products to clients with the stock it held and acquired thereafter. ASG never paid AS for the assets it acquired in 2021, nor did it fully pay the ongoing services provided by AS thereafter. We have formed a preliminary view that the sale arguably amounts to an Unreasonable Director Related Transaction and/or a breach of his Directors’ duties, as there appears little commercial basis for the sale to occur, other than an attempt to put assets outside of the direct claim of disputing creditors and alleged shareholders, in particular Mr Crown. Subject to the outcome of the Administration process and the net proceeds realised, we consider that a pooling of creditors may be an appropriate means of partially remedying the effect of the transaction. However, as it currently stands, the transaction occurred, and we have assessed the financial position of each entity separately. We discuss that transaction later in this report, including the claims that may flow from it.

During the Administration process we have attempted to continue to trade the business on a limited basis, as we explored sale or restructure of the business. Given the limited cash reserves, we investigated completion of existing viable customer orders with limited success, and then turned to rolling stock sales via auction as a means of generating essential cashflow to meet expenses. We also engaged with the key parties to explore if a Deed Of Company Arrangement (“DOCA”) could be formulated, however no proposals have been forthcoming.

We note that trading has been difficult, as all six (6) employees of AS resigned during the Administration process. The Director, who we are advised is unwell and seeking medical treatment, also left his management role in the business shortly after our appointment. Regardless, we have endeavoured to continue with the process using our staff and external labour resources.

The primary asset of ASG was its stock held at the Premises. Conversely, AS’s primary asset was the debtor owed to it by ASG for the stock and services sold historically, any return from which is aligned to the outcome of the stock and business sale. It is also relevant to note that AS guaranteed VPG’s debt to the CBA (exposure of circa \$3.2M) and as such, it was in AS’s interests that an orderly sale process was run to identify either a viable new tenant or to deal with the assets resulting in a vacant property fit for sale.

We engaged with the landlord, VPG, seeking their support via rental relief to assist financially with the trading and sale process. Similarly, we engaged with CBA for their consent to the process, which may ultimately result in VPG selling the property to discharge the CBA’s debt in full. We also note that it is in AS’s interest that an orderly property sale is run, as it has an interest in the property via loans relating to the property deposit paid by AS in 2017.

Our enquiries indicated that the stock records were materially inaccurate. Accordingly, we arranged for an independent stocktake and valuation of the stock and fixed assets to be conducted. We then sought, proposals on appropriate asset realisation programs. We simultaneously ran a public campaign offering the business for sale as a going concern, or a sale of assets (trade sale). We received seven (7) expressions of interest, and three (3) parties continue to engage with us on potential sale of assets at varying levels.

Please note that we are unable to disclose the estimated values of the assets in this report, as the sale process is currently underway, and we do not wish to prejudice that commercial outcome. The figures used in this report for the physical assets are provided for illustrative purposes only. The actual results will be known once the Administration process is complete.

In terms of liabilities, AS’s creditors are represented by ATO for \$310K, trade creditors of \$120K, employees for \$30K (plus Director claims) and minor amount owed to asset financiers. In addition, AS has an exposure to CBA of around \$3.2M as a guarantor of VPG’s mortgage over the premises. ASG’s creditors are represented by customer deposits of circa \$865K (not recorded in the accounts), trade Creditors of around \$200K to \$450K, ATO for \$20K and loans owed to AS of around \$900K.

We have conducted preliminary investigations into the Companies’ affairs and the conduct of the officers. We have observed that the available management accounts are materially inaccurate, in that they do not record significant prepayment liabilities owed to customers, nor the true value of stock or debtors. The issues have arisen over a period of time, rather than being due to a particular incident.

Overall, our preliminary view is that both entities have been insolvent since June 2021 or earlier. In this regard, there are likely claims against the Director for continuing to trade the Companies whilst insolvent for around \$1M-\$1.6M. Further, there are a range of potential breach of duty and/or Unreasonable Director Related Transaction claims that could be pursued in respect of the sale/transfer of business from AS to ASG in 2021 and various other personal expense transactions recorded in the accounts. The loss ultimately suffered by creditors, and claim values, is subject to the sale of business/asset process and returns that may be available. As such, our claim estimates are preliminary at this stage.

It is unclear what assets are held by the Director personally that could be available to satisfy claims. Our enquiries are limited at this time, given the lack of information available. In this regard we note that, we are advised that the Director is unwell and is seeking medical treatment. We have been provided limited assistance and information, and further note that the Director may seek to rely on health issues should claims be brought in a Liquidation scenario. Those matters will be explored further depending on the outcome of the Administration process.

The Companies are both insolvent and no DOCAs have been proposed for creditors to consider. Accordingly, we must recommend that creditors resolve to place the Companies into Liquidation. However, it is in creditors interests that the Administration process is extended, in order to preserve the value in the assets whilst we explore a sale of the business and/or complete a structured stock sell-down which will take another 8-10 weeks. Accordingly, at the forthcoming second creditors meetings, we will likely adjourn those meetings for up to forty-five (45) business days.

The return for creditors is contingent on the values obtained from the Companies assets, and any recoveries that may flow in a Liquidation scenario. Those outcomes are unknown at this time. However, as a best estimate, we project the following returns may be available in a Liquidation scenario in 6-12 months:

| Creditors      | AS                         |          | ASG        |            |
|----------------|----------------------------|----------|------------|------------|
|                | High c/\$                  | Low c/\$ | High c/\$  | Low c/\$   |
| Priority       | 100                        | 0        | 100        | 100        |
| Unsecured      | 98                         | 0        | 57         | 5          |
| <i>Secured</i> | <i>Assumed paid by VPG</i> |          | <i>N/A</i> | <i>N/A</i> |

**In summary, we have no choice but to recommend Liquidation of the Companies at this time. However, we consider it to be in creditors interests, for us to adjourn the second creditors meetings for up to forty-five (45) business days, to preserve the value in the assets whilst a sale of the business and/or structured stock sell-down is completed. This will be discussed further at the second meetings 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                  |
| AS        | Aussie Strength Pty Ltd (Administrators Appointed)                |
| ASG       | Aussie strength Global Pty Ltd (Administrators Appointed)         |
| ATO       | Australian Taxation Office  |
| CBA       | Commonwealth Bank of Australia                                    |
| Committee | Committee of Inspection   |
| Companies | Aussie Strength Pty Ltd and Aussie Strength Global Pty Ltd        |
| Director  | Andrew Taylor   |
| DIRRI     | Declaration of Independence, Relevant Relationships & Indemnities |
| DOCA      | Deed of Company Arrangement                                       |
| DPN       | Director Penalty Notice   |
| FEG       | Fair Entitlements Guarantee                                       |
| Firm      | BRI Ferrier NSW   |
| IPR       | Insolvency Practice Rules (Corporations)                          |
| IPS       | Insolvency Practice Schedule (Corporations)                       |
| O'Maras   | O'Maras Auctioneers   |
| POD       | Proof of Debt   |
| PPSR      | Personal Property Securities Register                             |
| Premises  | 99 Percival Road Smithfield NSW 2164                              |
| ROCAP     | Report on Company Activities and Property                         |
| VA        | Voluntary Administration  |
| VPG       | Valkyrie Property Group Pty Ltd                                   |



## 1. BASIS OF REPORT

On 13 September 2022, we, Jonathon Keenan and Peter Krejci of BRI Ferrier, Level 30, Australia Square, 264 George Street, Sydney NSW 2000, were appointed Administrators of the Companies pursuant to Section 436A of the Act.

This report has been prepared primarily from information received from the Companies' Director, and his external legal advisor.

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

- ASIC
- The books and records of the Companies;
- Discussions with the Director and advisors;
- Discussions with Employees
- Extracts from public information databases;
- Correspondence with creditors; and
- Documents obtained from the ATO in relation to the Companies.

## 2. DISCLAIMER

This Report and the statements made herein are based upon available books and records, information provided by the Companies' Director, Advisors, and from our own enquiries. We note that the Director is unwell and seeking medical treatment, and he provided limited information to us during this process. 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 Companies 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 Companies' 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 Companies' 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 to Creditors. The DIRRI records that we undertook a proper assessment of the risks to our independence prior to accepting the appointments. There is no update required to the DIRRI.

### 4. CORPORATE INFORMATION

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

#### 4.1 AUSSIE STRENGTH PTY LTD

##### 4.1.1 Company Details

|                                    |  |
|------------------------------------|--|
| <b>Company Name</b>                | Aussie Strength Pty Ltd                      |
| <b>ABN</b>                         | 150 420 625                                  |
| <b>ACN</b>                         | 61 150 420 625                               |
| <b>Incorporation Date</b>          | 13 April 2011                                |
| <b>Registered Address</b>          | Level 4, 1 James Place North Sydney NSW 2060 |
| <b>Principal Place of Business</b> | 99 Percival Road Smithfield NSW 2164         |

##### 4.1.2 Officeholders

| Name               | Position        | Appointed | Ceased     |
|--------------------|-----------------|-----------|------------|
| Andrew John Taylor | Director        | 13/4/2011 | Current    |
| Gavin Nathan Crown | Former Director | 1/5/2013  | 24/11/2020 |

##### 4.1.3 Share Structure and Shareholders

| Name               | Share Class | Number of Shares | Fully Paid Up | Status  |
|--------------------|-------------|------------------|---------------|---------|
| Andrew John Taylor | ORD         | 10               | Y             | Current |

##### 4.1.4 Current Registered Security Interests

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

| Registration Number | Secured Party                       | Start Date | Collateral    |
|---------------------|-------------------------------------|------------|---------------|
| 201801310097066     | De Lage Landen Pty Limited          | 31/01/2018 | Motor Vehicle |
| 201801310097078     | De Lage Landen Pty Limited          | 31/01/2018 | Other Goods   |
| 201902220068747     | Jungheinrich Fleet Services Pty Ltd | 22/02/2019 | Other Goods   |
| 201902220068752     | Jungheinrich Fleet Services Pty Ltd | 22/02/2019 | Motor Vehicle |
| 201908050050487     | United Rentals Australia Pty Ltd    | 05/08/2019 | Other Goods   |
| 202007280038487     | Commonwealth Bank of Australia Ltd  | 28/07/2020 | All PAP       |

We note the following:

- ▶ Correspondence was issued to all secured parties requesting documentation to validate their claims.
- ▶ De Lage Landen security relates to finance lease of forklift and pallet racking installed in the premises which is near expiry. The payout figures total is \$6,078.03.
- ▶ We have not received a response from Jungheinrich Fleet Services despite follow ups to our initial correspondence made at the time of our appointment. A recent PPSR search conducted after our appointment indicated that Jungheinrich Fleet Services has discharged their PPSR registration.
- ▶ On 16 September 2022, United Rentals Australia provided confirmation of the discharge of their security interest.
- ▶ CBA holds first ranking security over the assets of AS. This security relates to a guarantee provided by AS in respect of debts owed by VPG to CBA (currently circa \$3.2M). We note that VPG owns the Premises and the Director has advised that there should be equity remaining following sale of the Property and discharge of CBA's secured debts. The effect being, that there may not be any residual claim by CBA against AS.

#### 4.1.5 Legal Proceedings Against the Companies

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 Companies without our written consent or without leave of the Court.

As previously discussed, the former director, Mr Gavin Crown (via his nominated entity), commenced legal proceedings against the Director and the Companies. The proceedings as against the Companies as defendants are currently stayed as confirmed by his Honour Justice Black on 9 October 2022. We have not been advised if Mr Crown will continue his action against the Director.

#### 4.1.6 Related Entities

| Company                          | ACN         | Position           | Appointed        | Ceased  |
|----------------------------------|-------------|--------------------|------------------|---------|
| Nitecore Australia Pty. Ltd.     | 615 829 822 | Director           | 24 November 2016 | Current |
| Paper Street Industries Pty Ltd  | 634 337 652 | Director           | 24 June 2019     | Current |
| Valkyrie Property Group Pty. Ltd | 620 433 801 | Director           | 13 July 2017     | Current |
| Armadillo Flooring Pty Ltd       | 646 609 663 | Director/Secretary | 15 December 2020 | Current |
| Aussie Strength Global Pty Ltd   | 646 609 501 | Director/Secretary | 15 December 2020 | Current |
| CT Project Designs Pty Ltd       | 606 352 489 | Director           | 10 June 2015     | Current |
| Nidavellir Industries Pty Ltd    | 614 633 564 | Director           | 5 September 2016 | Current |

## 4.2 AUSSIE STRENGTH GLOBAL PTY LTD

### 4.2.1 Company Details

|                                    |                                      |
|------------------------------------|--------------------------------------|
| <b>Company Name</b>                | Aussie Strength Global Pty Ltd       |
| <b>ABN</b>                         | 646 609 501                          |
| <b>ACN</b>                         | 21 646 609 501                       |
| <b>Incorporation Date</b>          | 15 December 2020                     |
| <b>Registered Address</b>          | 99 Percival Road Smithfield NSW 2164 |
| <b>Principal Place of Business</b> | 99 Percival Road Smithfield NSW 2164 |

### 4.2.2 Officeholders

| Name               | Position | Appointed  | Ceased  |
|--------------------|----------|------------|---------|
| Andrew John Taylor | Director | 15/12/2020 | Current |

### 4.2.3 Share Structure and Shareholders

| Name                            | Share Class | Number of Shares | Fully Paid Up | Status  |
|---------------------------------|-------------|------------------|---------------|---------|
| Paper Street Industries Pty Ltd | ORD         | 100              | Y             | Current |

### 4.2.4 Current Registered Security Interests

A search of the PPSR did not indicate any registered security interests.

### 4.2.5 Legal Proceedings Against the Companies

As mentioned above, 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 Companies without our written consent or without leave of the Court.

ASG is listed as a defendant in the previously mentioned proceedings and the proceedings are stayed against the Companies.

### 4.2.6 Related Entities

| Company                          | ACN         | Position           | Appointed        | Ceased  |
|----------------------------------|-------------|--------------------|------------------|---------|
| Nitecore Australia Pty. Ltd.     | 615 829 822 | Director           | 24 November 2016 | Current |
| Paper Street Industries Pty Ltd  | 634 337 652 | Director           | 24 June 2019     | Current |
| Valkyrie Property Group Pty. Ltd | 620 433 801 | Director           | 13 July 2017     | Current |
| Armadillo Flooring Pty Ltd       | 646 609 663 | Director/Secretary | 15 December 2020 | Current |
| Aussie Strength Pty Ltd          | 150 420 625 | Director           | 13 April 2011    | Current |
| CT Project Designs Pty Ltd       | 606 352 489 | Director           | 10 June 2015     | Current |
| Nidavellir Industries Pty Ltd    | 614 633 564 | Director           | 5 September 2016 | Current |

## 5. COMPANY HISTORY AND EVENTS LEADING UP TO ADMINISTRATION

We are advised that the Director has been suffering from ill health during the Administration period. As such, the Director has provided limited assistance on the background of the Companies affairs. The following summary has been prepared primarily from our own enquiries and the available records, and the information may be updated in the future:

- AS was incorporated in 2011, as a supplier of commercial and home gym equipment with a wide range of products under the Aussie Strength and Valkyrie brands.
- The business sold products on a wholesale and B2B basis, mainly focused on the domestic market. There was also an e-commerce facility for limited retail trade.
- Stock was predominantly sourced from China, Vietnam, Taiwan and Sri Lanka, via bulk shipments. The majority of stock was generic, however some customised stock was also procured to meet certain customer requirements.
- The principals behind the business were the current Director, Andrew Taylor, and the former Director, Gavin Crown. We understand that the Director has a background in the military, which later became a key customer of the business.
- During mid 2017, the Mr Taylor and Mr Crown determined that it would be appropriate to acquire a property, from which the AS business would trade. VPG, an entity controlled by Mr Taylor and Mr Crown, was incorporated to purchase the Smithfield property in 2017. We note that AS paid the deposit and other transaction costs on the property purchase. Further, AS guaranteed the CBA debt, which was primarily secured over the property. It appears that AS commenced trading from the Smithfield property in 2018.
- In around 2019/20, a dispute arose between Andrew Taylor and Gavin Crown, the outcome of which was Mr Crown ceased his employment and Directorship with AS in late 2020. Litigation was later commenced by Mr Crown against Mr Taylor and the Companies, which included a dispute over an alleged equity interest in the AS business.

- The Director incorporated ASG in December 2020, shortly after Mr Crown resigned as Director of AS. In July 2022, it appears that the Director caused AS to enter into a transaction with ASG, whereby AS sold its business and stock to ASG. The transfer of stock is recorded in the accounts of both AS and ASG to an amount of \$731K, for which payment has not been made. It is not clear how this amount was calculated. There was also the transfer of IP, customers and also some items of PPE, however, the accounting for those assets is unclear.
- ASG became the primary trading entity for the business from July 2021, with AS continuing to provide services to ASG by way of leased premises, use of equipment and staff. There was a form of ongoing management fees charged by AS to ASG, at cost plus 5%.
- A review of the correspondence with the ATO indicates that AS had a history of late lodgements. In April 2022, a payment plan was entered into with the ATO, for instalments to settle an amount of \$259K outstanding as well as an undertaking that ongoing lodgements be made on time and paid in full. In July 2022, this payment pay was defaulted upon, as a result of non-payment. The BAS lodgement due in July 2022 was also not lodged.
- The Director was issued with a DPN from the ATO for outstanding amounts relating to GST and PAYG. AS was unable to discharge the debts, and the Director resolved to appoint us as Voluntary Administrators of the Companies.

## 6. REASONS FOR FAILURE

We are yet to receive a completed questionnaire for the Companies from the Director which would detail the reasons for failure.

Based on our enquiries, it appears that the Companies demise can be attributed to the following reasons:

- Legal dispute between the Director and Mr Crown where the Companies are a party to the proceedings.
- Poor compliance of tax affairs and unpaid debts to the ATO.
- Guarantee of related entity debts owed by VPG.
- Insufficient working capital.
- Lack of strategic management of the operational and financial aspects of the business.

## 7. CONDUCT OF THE ADMINISTRATION

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

- Conducted an urgent assessment of the Companies' financial position and determined that we would continue to trade and employ staff on a limited basis, whilst we explored a sale of the business as a going concern and/or restructure via a DOCA;

- Communicated with employees, suppliers, customers, trade creditors regarding the continued trading during the Administration period and implemented management and operational protocols;
- Conducted an urgent review of the Companies stock listing maintained in Cin7 (Customer relationship management software) and based on the material inaccuracies in the stock level, instructed a valuer to conduct an urgent stocktake;
- Secured the Companies' assets including funds held in the pre-appointment bank accounts;
- Took control of the Companies IT infrastructure including its' website, Gsuite, Cin7, Xero files, payment gateways such as Stripe and Limepay;
- Conducted of a public sale campaign for the Companies' business and/or assets, including assembling relevant information on the business, and engaging with prospective purchasers regarding same;
- Obtained legal advice in respect of the sale of customised stock and unfulfilled customer orders;
- Investigated and sought advice regarding the transfer of AS' assets to ASG;
- Negotiated with landlord seeking relief on rental obligations during the Administration period;
- Explored alternative finance options for the business during the Administration period;
- Reported to Creditors and held the First Meeting on 26 September 2022;
- Explored with the Director and Mr Taylor (and their respective legal representatives) whether a DOCA proposal may be formulated for creditors' consideration;
- Obtained a stocktake and valuation of the physical assets at the Companies' premises;
- Obtained appropriate insurance cover for the administration period;
- Obtained access to and copies of the Companies' electronic accounts and conducted enquiries with the Directors in respect of the records;
- Conducted preliminary investigations of the affairs of the Companies, in particular potential voidable transactions and other potential avenues of recoveries that may be available to a Liquidator.

## 8. TRADING DURING THE VOLUNTARY ADMINISTRATION

As mentioned earlier, we continued to trade the business on a limited basis during the Voluntary Administration whilst a restructure and/or sale was explored.

We communicated with the Director, staff, suppliers, external bookkeeper to understand the operations of the Business. We note that the Director is unwell and is seeking medical treatment. The Director left his management role shortly after our appointment and has provided limited assistance since. The staff

have also resigned during the Administration period, and therefore we have done what we can to manage the operations ourselves.

## 8.1 STOCK

ASG utilised specialist software, Cin7, to manage sales, customers records and stock levels. On our appointment we obtained access to ASG's Cin7 records. A review of the system indicates that only ASG sales were recorded in Cin7 and that any records pertaining to sales made by AS are no longer available. We obtained a stock listing from Cin7 and a high-level review of these records were materially inaccurate and as such we arranged for O'Maras valuers to undertake an independent stocktake to determine the level of stock on the premises. An accurate stocktake would also enable O'Maras to provide us with a valuation of the stock on hand.

During the stocktake, O'Maras encountered a number of difficulties in completing stocktake. These included:

- ▲ The stock was not identified with SKUs, nor stored in specific locations, resulting in difficulties in identifying stock as well as the location of stock within the warehouse;
- ▲ Substantial stock holdings in the warehouse creating a capacity issue;
- ▲ Orders being partially picked and packed, however with stock outages; and
- ▲ Stock items not recorded in the Cin7 system, resulting in a large number of items having no cost value available.

We have obtained the valuation from O'Maras as well as a realisation strategy for the stock on hand. At this stage, we will not release this information on the basis it may prejudice our continuing efforts to sell the assets.

## 8.2 CUSTOMER SALES

As mentioned earlier, in order to preserve the value of the business, we continued to operate the business on a limited basis, which included the completion of certain stock sales where possible to general cashflows.

In this regard, we completed a number of post-appointment sales, where the goods were available for dispatch and it was commercially viable to do so, as compared to the independent valuation. The funds from these sales are recorded in the Summary of Receipts and Payments attached.

## 8.3 PARTIALLY/FULLY PAID ORDERS

We also contacted a number of parties who had partially paid for their orders, to determine if they were prepared to accept their orders, on the payment of the balance of their invoice. Whilst some parties were prepared to proceed, however a number of parties sought to set-off deposits paid on future/other orders where the stock was not available. In the majority of circumstances, the sales became uncommercial for various practical and financial reasons, including comparison to the independent valuation.

We also sought advice to determine if orders that had been paid in full, had to complete on the basis of legal ownership. In summary, having regard to ASG's terms and conditions of sale and the Personal



Property Security Act 2009, title did not pass to the customers who had partially or fully prepaid deposits. In this regard, we note that no customers had registered a security interest and the law is determinative on title, that the goods vest with the administration (i.e. that the stock is to be sold for the benefit of all creditors, not a particular customer).

### **8.3.1 Customised Stock**

We also identified that some orders were for items customised for clients, included branding/logos, colours and specialised designs.

We have also sought advice regarding those goods, as we also explored commercial settlement options. Most branding claims have fallen away, the result being that the stock can be sold for the benefit of the general body of creditors, and the particular creditor may seek to pursue an unsecured claim if they can prove loss has been suffered.

We are liaising with certain parties, where they are continuing to press a claim. We hope to resolve those disputes promptly so that the stock can be dealt with, and value released for the creditors.

### **8.3.2 Sale of Stock by O'Maras**

We received a proposal from O'Maras (in association with GraysOnline) to sell down the stock over rolling auction sales. Given the quantum of stock, and shear size, the stock sales would need to be conducted in-situ at the Smithfield premises over a number of weeks.

Having tested alternate proposals in the market, and with no immediate restructure proposals available, we accepted O'Maras stock realisation proposal. We note that ASG no longer has sales or warehouse staff, or a viable sales outlet, to conduct the stock sales themselves. The stock sales have commenced with O'Maras to release value from the stock.

We are simultaneously pursuing a sale of the business and its assets, as a going concern or via a trade sale. There will be an adjustment necessary to reflect remaining stock assets, if/when a broader sale is negotiated.

## **8.4 LANDLORD**

As mentioned earlier, the Companies operated from a leased premise in Smithfield. VPG owns the property and AS is the lessee pursuant to a lease agreement.

Having regard to the large amount of stock and assets to deal with, it was necessary for the Companies to remain in place at the premises. We have sought relief on the rental obligations from VPG having regard to the tight cashflow position, and mutual interests in terms of dealing with the property in an orderly manner, given the joint exposure to CBA and AS's equitable interest in the property.

We presented this strategy to CBA as the secured creditor, and there was a general acceptance, subject to VPG's commitment. Noting the dispute between Mr Taylor and Mr Crown, we made separate requests in terms of the rental obligations and strategy to deal with the property. Mr Taylor agreed to the proposal, however we are awaiting response from Mr Crown (or his solicitor). This matter is ongoing.

## 8.5 SUPPLIERS

The Companies primary suppliers are located overseas including China, Vietnam, Taiwan and Sri Lanka. We are aware of stock orders that have been partially paid and stock currently in transit.

We have provided instructions to temporary cease manufacturing subject to further instructions as to the outcome of the Administration process. A number of orders are currently due for shipment, to complete various sales orders. We are liaising with these customers to determine if it is commercially viable for ASG to continue with these shipments and orders.

Any assessment is focussed on the funds to be recovered (net of costs) as measured against the valuation and anticipated auction outcomes. There are also real financial limitations given ASG's limited funds available.

## 8.6 STAFF

At the time of our appointment, AS employed six (6) staff members including 3 full time employees, 1 part time employee and 2 casual employees. All staff have subsequently resigned. The wages incurred during the Administration (and immediately prior) have been paid by AS.

The Director appears to have also been employed by AS. However, as noted previously, the Director left his management role shortly after our appointment and is seeking medical treatment. As such, it appears that he has abandoned his employment and the continued assistance from the Director has been limited.

## 8.7 IT INFRASTRUCTURE

The Companies IT infrastructure was managed in-house by a former staff member. The systems included Cin7, Gsuite, Limepay, Stripe, AWS, Cloudflare, website, Xero and others.

We obtained access to the systems where possible and extracted available data on the financial affairs and assets. This was necessary for the trading and sale of business purposes.

We note that we engaged an external IT professional to back up the available records, where available.

## 9. SALE OF THE COMPANIES' BUSINESS AND/OR ASSETS

A number of parties expressed an interest in potentially acquiring the Companies' business or assets. As such, we immediately commenced a public sale campaign for the Companies' business and/or assets.

The details of the sale campaign and process were as follows:

- An advert was placed in the Australian Financial Review on 19 September 2022;
- A signed confidentiality agreement and a refundable deposit of \$5,000 was required prior to the provision of further information;
- Written offers were required by no later than 10 October 2022; and
- Liaising with interested parties regarding requests for further information.

During this period, seven (7) parties submitted a confidentiality agreement and paid a deposit, and were provided with further information for review. A series of queries were put by the potential purchasers which were responded to.

As at 10 October 2022, we have received certain offers for the purchase of some of the assets of the Companies, predominantly those controlled by ASG. We are currently assessing those offers.

We are continuing to negotiate with the parties, and have determined it is appropriate to extend the period of written offers to Monday 17 October 2022. We will provide further an update on the sale process in due course. As mentioned earlier, we intend to adjourn the second creditors' meeting for up to forty-five (45) business days to preserve the value in the assets whilst the sale process and/or structured stock sell-down is undertaken.

## 10. TRANSFER OF BUSINESS FROM AS TO ASG

One of the contributing factors to the financial difficulties of the Companies is the ongoing legal disputes between the Companies, Mr Crown (the former director of AS) and the Director, Mr Taylor.

Shortly after Mr Crown's departure from the business in 2020, Mr Taylor incorporated ASG presumably with the purpose of shifting assets away those claims. As discussed earlier, AS transferred its business and stock assets to ASG in July 2021, however payment did not occur subsequently. This transaction has a number of challenges and we set out below our investigations, which are relevant to the current financial position of each entity.

- ASG was incorporated in December 2020, and Mr Taylor is its sole Director.
- An entity called Paper Street Industries Pty Ltd is the sole shareholder of ASG, albeit the shares are not held by it beneficially.
- From or around July 2021, AS ceased to trade and ASG began trading, and sales and purchases were made under ASG.
- On 28 July 2021, it appears that ASPL sold/transferred its stock, customer orders and possibly other assets to ASG. An amount of \$731,975 was attributed for stock but it is not certain how this amount was determined. The payment of the amount has not occurred, as it remains a liability of ASG, and corresponding asset of AS.
- AS continued to provide ASG with services, including access to the premises, equipment and staff, in return for which management fees were accrued (and paid in part). The management accounts indicate a cross-charge of cost plus 5% mark-up for the provision of those services from AS to ASG.

- ▲ A number of security interests are registered over AS, including a first ranking security held by CBA. CBA have advised that they were not advised of the transaction, nor did they consent. CBA sought to remedy this by requesting the Director to grant CBA security over ASG in the months leading up to our appointment, however this did not transpire. We note that AS guaranteed VPG's debt it owes to CBA, currently estimated at \$3.2M, and primarily secured against the Smithfield premises. CBA have issued a default notice to the borrowers of the loan, however they have not acted to enforce security as yet.
- ▲ AS continues to own plant and equipment which are being utilised by ASG. In particular, the forklift and pallet racking are current subject to PMSI, but it appears ASG are continuing to meet the ongoing lease payments.
- ▲ We have made various enquiries to determine how the value was determined for the sale transaction. This has included requesting information from the Director, the external bookkeeper, external accountant and other key former employees of the Companies. Little or no information has been forthcoming.
- ▲ The primary documentation available is recorded in the management accounts, which records a sale from AS to ASG on 28 July 2021. An invoice for the stock was issued to ASG and the invoice has been generated from the Companies' sales and stock management system (Cin7). It is not clear however if the value was determined, for example by way of stocktake and/or independent valuation at the time.
- ▲ We have not located any other written agreement between the Companies regarding the stock transfer. Further, the accounting transactions do not address other assets held by AS at the time of the transfer. Therefore, we have concluded that the non-circulating (fixed) assets, such as the office equipment, other fixed assets and a motor vehicle remain held in AS.
- ▲ Since July 2021, the management accounts of ASG record that it purchased new stock of around \$1.7M, where the current stock levels are below this amount. AS has not recorded any stock purchases after 29 July 2021, the date that the majority of stock was transferred to ASG. Therefore, it appears that the majority, if not all the stock, is currently owned by ASG.
- ▲ We have sought legal advice on this issue, which indicates that there is a binding and enforceable agreement between AS and ASG for the asset transfer, notwithstanding a lack of payment of consideration. However, there may be a 'breach of contract' arising from the non-payment by ASG, which may result in claims against the Director.
- ▲ The claims and possible remedy actions, such as creditor pooling orders, are discussed later in this report.

## 11. HISTORICAL FINANCIAL INFORMATION

We have reviewed the Companies' available management accounts and financial statements as follows:

- ▲ AS Financial Statements for the period 30 June 2016, 30 June 2017, 30 June 2018, 30 June 2019, 30 June 2020.

- AS Management Accounts for the period 1 July 2020 to the date of our appointment.
- ASG Management Accounts for the period 1 July 2021 to the date of our appointment.

The management accounts were not audited, and the information was extracted from the Companies' respective Xero accounting system. We have prepared our financial analysis on the available information, which is discussed below.

### 11.1 BALANCE SHEETS

Attached as **"Annexure 4"** is a comparative analysis of the Balance Sheets for both Companies for the above-mentioned period.

We make the following comments with respect to AS's Balance Sheets:

- AS's primary asset up was stock on hand. We understand that stocktakes may have been undertaken sporadically, however, the amounts recorded in the management accounts were materially inaccurate based on our enquiries and physical review of the stock.
- The transfer of stock from AS to ASG was recorded on 29 July 2021 for \$731K (including GST), however it may not have reflected the value of all stock recorded at that time. We are told by the director that the remaining stock of AS at that time was unsaleable, however, the residual value remains as an asset on the balance sheet to an amount of approximately \$464K.
- The significant increase in Accounts Receivable during FY22, pertains to the amount payable for stock sold from AS to ASG. This amount remains unpaid. Thereafter, additional charges accrue in respect of further unpaid services provided by AS to ASG.
- AS accounted for sales on a cash basis, however it did not record a corresponding liability for deposits from received customers for unfulfilled orders. The effect being that liabilities were consistently understated. The approximate value of customer prepayments is around \$800K as at our appointment.
- The loan to VPG of \$422K primarily relates to the deposit paid by AS for VPG to acquire the Premises (plus various transaction costs). There are certain amounts owing to VPG in respect of unpaid rent recorded in accounts payable of \$175K. There may be further amounts capitalised as leasehold improvements, however it is unclear if this is recoverable against VPG. Overall, VPG remains a significant debtor of AS.
- The reported value of property plant and equipment, and corresponding asset listings, have not been updated since June 2021. The depreciation schedule and the financial statements also show discrepancies. It appears that various items may have been disposed during FY2022, including laptops, vacuum cleaners, and a tandem trailer.

We make the following comments with respect to ASG's Balance Sheets:

- Since incorporation, ASG has not had any financial statements prepared. In making the following comments we have relied on the management accounts maintained in Xero.

- ▶ The transfer of stock from AS to ASG, which occurred on 29 July 2021 is recorded as part of the accounts payable balance of ASG (\$731K). This amount remains unpaid by ASG. In addition, rent owing to VPG is also recorded as accounts payable (where the lessee is AS but ASG is trading from the Premises) as is employee wages with a mark-up of 5% as a management fee. The total amount owing to AS from ASG is approximately \$1.1 million.
- ▶ The value for property, plant and equipment on the balance sheet appears to record some assets being transferred from AS to ASG. However, they have not been disposed of in AS accounts. In addition, during FY 21, items appear to have been purchased for the purpose of establishing a "showroom" and stock subsequently capitalised as an asset.

## 11.2 PROFIT AND LOSS STATEMENTS

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

We make the following commentary regarding AS's Profit and Loss Statements:

- ▶ ASG's reported income from July 2021 has proportionately deteriorated by around 15% as compared AS's FY2021 income levels.
- ▶ Further, we note that income is recorded on a cash basis, with the management accounts recording all cash received from customers as income, rather than collection of debtors. In this regard, there is no provision for unearned revenue/work in progress where deposits are paid far in advance of the goods being delivered. At the time of our appointment the customer deposits (being unearned revenue) was in the order of \$800K, meaning the earned income figure was overstated by that amount. We suspect that this has occurred historically, in respect of AS figures.
- ▶ ASG's key expenditure pertains to the rent owing to AS (for the use of their leased premises) as well as the management fees to Aussie Strength, the majority of which remains unpaid.
- ▶ We make the following comments regarding ASG's Profit and Loss Statements:
  - ▶ Income is recorded on a cash basis, with the management accounts recording all cash as income at the time of the payment. No provision is made for unearned revenue/work in progress where sales are made and deposits collected but the Companies are unable to fulfil those orders immediately. At the time of our appointment this was estimated to be approximately \$1 million dollars.
  - ▶ ASG commenced recording Customer sales in July 2021. It is therefore difficult to comment on any sales trends in ASG.
  - ▶ ASG's key expenditure pertains to the rent owing to AS (for the use of their leased premises) as well as the management fees to Aussie Strength, the majority of which remains unpaid.

## **12. CURRENT FINANCIAL POSITION**

Contained in this section is our analysis of the current financial position of the Companies, prepared utilising the available financial records and our enquiries to date.

At this stage, we have not received Director's statement about the Company's business, property, affairs and financial position ("ROCAP"). We are advised by the Director's solicitor, that the Director is unwell and is seeking medical treatment. As a result, he has sought additional time to complete the necessary reporting (including ROCAP, questionnaires and other). We understand that the Director is in the process of completing is ROCAP and anticipate that it may be provided to us prior to the upcoming creditors meeting.

### **12.1 AUSSIE STRENGTH PTY LTD**

We have included below the assets and liabilities of AS as reported in the Management Accounts as at 13 September 2022, and our projections as to likely current position. We note that the accounts were not reconciled as at our appointment, which results in certain discrepancies.

| Aussie Strength Pty Ltd (Administrators Appointed)<br>A.C.N 150 420 625 |   |                     |                    |
|---|---|---------------------|--------------------|
|   | Book Value<br>as at<br>13/09/2022<br>(\$) | High Amount<br>(\$) | Low Amount<br>(\$) |
| <b>Assets</b>   |   |                     |                    |
| Cash and Cash Equivalents   | 7,667                                     | 21,377              | 21,377             |
| Trade and Other Receivables   | 1,182,751                                 | 513,083             | 45,007             |
| Stock on Hand   | 471,142                                   | -                   | -                  |
| Property, Plant and Equipment   | 222,352                                   | 138,750             | 60,740             |
| Related Party Loans   |   | -                   |                    |
| Gavin Crown   | 109,340                                   | 109,340             | -                  |
| Valkyrie Property Group   | 422,990                                   | 247,033             | -                  |
| Andy Taylor   | 128,976                                   | -                   | -                  |
| Other Assets  | 14,039                                    | -                   | -                  |
| <b>Total Assets</b>   | <b>2,559,256</b>                          | <b>1,029,583</b>    | <b>127,124</b>     |
| <b>Liabilities</b>  |   |                     |                    |
| Priority Creditors  | 9,949                                     | 26,709              | 26,709             |
| Partly Secured Creditors  | 10,511                                    | -                   | -                  |
| Unsecured Creditors:  |   |                     |                    |
| Trade Creditors   | 518,238                                   | 117,361             | 117,361            |
| Australian Taxation Office  | 29,135                                    | 309,714             | 309,714            |
| Landlord  | -   | -                   | -                  |
| Other Creditors   | -   | -                   | -                  |
| Related Party Creditors   |   |                     |                    |
| Andy Taylor   | 131,012                                   | 77,565              | 77,565             |
| Aussie Strength Global  | 216,004                                   | -                   | -                  |
| <b>Total Liabilities</b>  | <b>914,849</b>                            | <b>531,349</b>      | <b>531,349</b>     |
| <b>Estimated Net Asset / (Deficiency)</b>                               | <b>1,644,407</b>                          | <b>498,234</b>      | <b>(404,225)</b>   |

## 12.2 ASSETS

### 12.2.1 Cash and Cash Equivalents

Immediately prior to our appointment, AS transferred \$20,860 into our firm's trust account, which were subsequently banked into the new Administrator's bank account. The management accounts reflect a lower amount of around \$8K and the difference is likely explained by sales not processed by the time of our appointment.

### 12.2.2 Trade and Other Receivables

The records indicate that there is approximately \$1.18M owed to AS, of which around \$1.1M is owed by ASG. As previously discussed, the bulk of that debtor claim relates to unpaid charges in relation to the



transfer of stock, rent, staffing costs, management fees. There is a contra loan account (a liability) owed to ASG of \$216K which comprises various amounts paid on behalf of AS (legal fees) or ASG sales received by AS. The net amount owed by ASG to AS is estimated at around \$900K. AS's ability to recover this amount, is contingent on the ASG's sale of assets and the dividend that may ultimately be available to its unsecured creditors.

The balance of the receivable totalling \$66K is owed by another related entity, Nitecore Australia Pty Ltd. We have made enquires with Mr Crown, as Director of Nitecore, and he has advised that the debt is disputed but not provided any details to evidence such dispute. The loan will be investigated further in due course.

### 12.2.3 Stock on Hand

AS's management accounts report residual stock on hand with a book value of \$464K. For some reason, this stock was not sold to ASG in July 2021 with the bulk of the stock. We have requested details on AS's stock holdings, however nothing has been forthcoming.

The Director has indicated that the residual stock value recorded in AS management accounts may be unsaleable. We have proceeded on the basis that AS does not hold any stock of realisable value. The final position will be known once the sales are complete.

### 12.2.4 Plant and Equipment

The management accounts report office and computer equipment, plant and equipment and motor vehicles with a written down book value of \$222K. There appears to be discrepancies between the depreciation schedules provided by the external accountant, the assets disclosed in the management accounts, and the physical assets identified. Our enquiries are continuing, and interim observations are below.

The plant and equipment book value is reported as having a book value of around \$133K, which consists of warehouse equipment such as forklifts, pallet jacks and pallet racking. O'Maras has undertaken a valuation of all plant and equipment located at the trading premises and the equipment will likely form part of O'Maras proposed auction strategy or alternatively a sale of assets proposal from one of the interested parties. The realisable value of may be in the order of \$50K to \$100K, subject to third party claims and costs of realisation.

Office equipment recorded in the management accounts at \$12K, including various office furniture and equipment. We understand that some of the equipment may have been transferred to ASG, however we have not been able to identify any written agreements pertaining to this transfer. We have proceeded on the basis that AS continues to hold the non-circulating (fixed) assets. The realisable value of office equipment is minimal and may be subject to third party claims.

The management accounts record that AS held various motor vehicles with a written down value of approximately \$62K, including three (3) utility motor vehicles and Camper Trailer (per the depreciation schedule). However, we have located only 1 vehicle, where the remaining assets appear to be in dispute and/or unaccounted for at this stage.

Our searches with the state-based registries indicate the following:

- ▲ We have located a Ford Ranger registered out of VIC, currently in the possession of the Director. We have requested this vehicle be returned.
- ▲ There is another Ford Ranger registered in QLD, and its location is currently unknown. We have requested the Director to provide details of the vehicle immediately.
- ▲ The trailer has not been located, however we suspect it may be in QLD In possession of the Director. Again, the Director has been provided notice to return as assets.
- ▲ NSW has no registered vehicles. We note that a Mazda BT-50 Utility is currently in the possession of the Directors' brother and ownership is disputed by that party. The Director has advised that the vehicle is owned by AS, and we are endeavouring to recover the asset.

At this stage, O'Maras have provided their appraisal based on only one of these vehicles. Further valuation will be obtained in due course, once the vehicles can be located. We are continuing to investigate this matter and we will seek recover of all assets of the Companies.

### 12.2.5 Trademarks

The management accounts record that AS holds a trademark with a book value of \$400. We have undertaken a search of IP Australia's database to determine if AS holds any trademarks. The search indicates that AS is the owner of 3 trademarks being 'SPX,' 'OPTIGRIP,' and 'XRIG'. The value of these assets will be determined through the sale process.

We also note that the current and former Directors have each asserted that they own, or hold interests in, certain intellectual property utilised by the business. No information has been provided to us in this regard as yet.

### 12.2.6 Loan – Valkyrie Property Group

The management accounts indicate that AS is owed \$422K by VPG. The loan arises as a result of AS advancing funds of around \$800K to pay the deposit and legal costs to acquire the Smithfield premises. A refinance of a mortgage over the property in August 2020, resulted in AS recovering a portion of the funds advanced with the residual owing of around \$422K on the loan. There have also been some leasehold improvements, including the installation of air conditioning and painting of the premises, which have also been paid by AS.

AS's accounts payable includes an amount of \$175k owed VPG. The payable amount primarily pertains certain periods of unpaid rent.

Overall, the accounts indicate that VPG owes AS approximately \$247K. We have notified VPG of that loan claim which will be pursued in due course for the benefit of creditors. We also note that lawyer acting for Mr Crown (one of the Directors of VPG) has indicated that they may dispute a portion of the loan owed to AS.

### 12.2.7 Loan – Shareholder and Director Loan

AS's management accounts disclose two (2) loans for funds advanced to the Director, Andrew Taylor, totalling \$128K. The ledgers indicate that the debt primarily relates to personal expenditure incurred by AS on behalf of the Director during 2020 and 2021.

There is a further Director loan as a liability in the amount of \$131K which is largely represented by amounts loaned to AS. We note that the ledger entries indicate that funds were advanced by Mr Crown, however credited to Mr Taylor's loan account. We have not been provided any explanation by either party on their respective claims as yet.

Based on the account, there is a net creditor claim of \$2K by the Director against AS. There is a fair amount of director related transactions occurring, and therefore the true position will become known in due course. At this stage, we are unable to attribute a recoverable value to these loans.

### 12.2.8 Gavin Crown

The management accounts disclose an amount owing to AS of \$109K. The accounting ledger indicates that the loan pertains to AS funds utilised for the personal expenditure of Mr Crown.

However, we have observed that a significant portion of the transactions in the loan account appear to have been recorded after Mr Crown's departure from the business, when the dispute with the Director was ongoing. This included a large journal entry seeking to reimburse AS for a range of petty cash withdrawals historically.

Further investigations are required before a recovery could be pursued.

### 12.2.9 Other Assets

The management accounts record a number of minor assets totalling \$14K, which we have styled "other assets". The majority of those the transactions relate to capitalised legal costs, which do not appear to be recoverable.

## 12.3 LIABILITIES

### 12.3.1 Priority Creditors

As mentioned in the First Report, AS employed six (6) staff (excluding the director). All employees have resigned following our appointment as Administrator.

We note that the Director was employed by AS. However, he left his management role shortly after our appointment, and it appears that he has abandoned his employment.

The records in our possession and our preliminary assessment indicates that Priority Creditors are owed approximately \$26K in respect of outstanding entitlements. Below is a summary:

| Employee Entitlements                 | ERV Amount<br>(\$) |
|---------------------------------------|--------------------|
| Wages                                 | -                  |
| Superannuation                        | 8,193              |
| Annual Leave                          | 14,697             |
| Annual Leave Loading                  | 1,377              |
| Long Service Leave                    | -                  |
| PILN                                  | 2,442              |
| Redundancy                            | -                  |
| <b>Total Priority Creditor Claims</b> | <b>26,709</b>      |

We provide our commentary as follows:

- ▲ The employees of AS were paid on a fortnightly basis, and we arranged payment of the pre-appointment wages shortly following our appointment for all staff, excluding the Director.
- ▲ AS’s records indicate that superannuation may be owing to employees for the September 2022 quarter. In accordance with Section 52 of the Superannuation Guarantee (Administration) Act 1992, any claim received from the ATO in relation to a Superannuation Guarantee Charge (“SGC”) has a priority equal to the debts referred to in section 556(1)(e) of the Act in the event that a distribution is made, i.e. it is treated as a priority equal to wages.
- ▲ We have been unable to locate employment contracts for most of the staff who were employed at the time of our appointment.
- ▲ We note that we have reviewed the payroll records, and have made certain calculations of outstanding entitlements based on applicable awards.
- ▲ The majority of employees who resigned after our appointment, continued to work during their notice period. We have calculated PILN owing for staff who finished prior to their notice period.
- ▲ The records indicate that the Director is owed approximately \$77K in annual leave entitlements as well as superannuation of \$4K. We will review this in due course, however note that Director’s claims are capped pursuant to the Act. We estimate that the unsecured component of the Director’s claim may be approximately \$77K.

If AS is wound up, it is anticipated that there will be insufficient funds immediately available to pay the outstanding entitlements. As such, the employees may be eligible to lodge a claim under the FEG scheme, and FEG will subrogate to the employees position to receive a dividend (if available) in due course. Please see below for further comment.

### 12.3.1.1 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 (other 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 AS 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>

### 12.3.2 Secured Creditors

As discussed in Section 4.1.4 of this Report, certain parties have a registered security interest over AS. The table below provides a summary of the amount claimed by respective creditors.

| Secured Creditors              | Administators'<br>ERV Amount<br>(\$) |
|--------------------------------|--------------------------------------|
| De Lage Landen Pty Limited     | 6,078                                |
| Commonwealth Bank of Australia | 3,206,000                            |
| <b>Total</b>                   | <b>3,212,078</b>                     |

We provide our comments as follows:

- ▲ De Lage Landen holds a security over a forklift and the pallet racking installed in the premises of the Companies. We have been advised that the payout amount for this contract is \$6K. We have continued to trade the business and have continued with the leasing arrangement to assist with the asset sale process. We anticipate that the contract will be discharged in full upon disposal of the asset.
- ▲ CBA has a contingent claim against AS, in respect of the guarantee provided by AS for the debts owed by VPG (currently circa \$3.2M). We note that VPG owns the Smithfield property and the Director has advised that there should be equity remaining following sale of the Property and discharge of CBA's secured debts. The effect being, that there may not be any residual claim by CBA against AS. The actual position will be known in due course, and at this stage we have been engaging with CBA as the first ranking secured creditor over AS.
- ▲ Other secured parties have withdrawn their charges since our appointment.

### 12.3.3 Unsecured Creditors

The management accounts indicate approximately \$502K is owed to unsecured creditors. Our assessment indicates that Unsecured Creditors may be around \$504K, with the majority owed to the ATO. However, given the mixing of transactions between AS and ASG there are possible duplicate claims that may occur between the entities.

Below is our preliminary estimate of the unsecured creditor claims:

| Unsecured Creditors                        | ERV Amount<br>(\$) |
|--|--------------------|
| Trade Creditors                            | 117,361            |
| Australian Taxation Office                 | 309,714            |
| Related Party Creditors                    | 77,565             |
| <b>Total Estimated Unsecured Creditors</b> | <b>504,639</b>     |

#### 12.3.3.1 Trade Creditors

The management accounts for trade creditors are majority comprised of debts due to the ATO, which has been recategorized and discussed below.

Our estimates of the potential trade creditors claims represent freight companies that provided services to ASG, however the accounts were still held in the name of AS. These duplication issues will be addressed in due course. The claims have been included for estimate purposes only at this stage.

#### 12.3.3.2 Australian Taxation Office

As previously discussed, the ATO took action against AS and the Director in respect of arrears debts, which pre-empted our appointment.

The ATO's is currently estimated at around \$309K which includes the historical unpaid GST and PAYGW liabilities, plus a further \$29K reported in the management accounts. The actual debt will become known in due course once the final claims are adjudicated.

Please note that outstanding amounts in respect of superannuation are handled by the ATO and are accorded priority, hence are not included as an unsecured claim.

### **12.3.3.3 Related Party Creditors**

As mentioned above, the related party creditor claims are largely set-off against the amounts owed by the Director to AS.

Our estimate of the residual related party creditor amount represents the unsecured portion of the Directors' employee claim, being \$77K.

## **12.4 AUSSIE STRENGTH GLOBALPTY LTD**

We have included below the assets and liabilities of ASG as reported in the Management Accounts as at 13 September 2022, and our projections as to likely current position. We note that the accounts were not reconciled as at our appointment, which results in certain discrepancies.

| <b>Aussie Strength Global Pty Ltd (Administrators Appointed)</b> |   |                             |                            |
|--|---|-----------------------------|----------------------------|
| <b>A.C.N 646 609 501</b>   |   |                             |                            |
|  | <b>Book Value<br/>as at<br/>13/09/2022<br/>(\$)</b> | <b>High Amount<br/>(\$)</b> | <b>Low Amount<br/>(\$)</b> |
| <b>Assets</b>  |   |                             |                            |
| Cash and Cash Equivalents  | 25,817  | 25,817                      | 50,667                     |
| Stock on Hand  | 665,432   | 1,500,000                   | 1,000,000                  |
| Property, Plant and Equipment                                    | 16,746  | -                           | -                          |
| Related Party Loans  |   |                             |                            |
| Andy Taylor  | 70,281  | 70,281                      | -                          |
| Liquidators' Recovery - Unreasonable                             |   |                             |                            |
| Director Related Transactions                                    | -   | 100,000                     | -                          |
| Liquidators' Recovery - Insolvent                                |   |                             |                            |
| Trading & Transfer of Business claim                             | -   | 1,330,519                   | -                          |
| <b>Total Assets</b>  | <b>778,276</b>                                      | <b>3,026,618</b>            | <b>1,050,667</b>           |
| <b>Liabilities</b>   |   |                             |                            |
| Priority Creditors   | -   | -                           | -                          |
| Partly Secured Creditors   | -   | -                           | -                          |
| Unsecured Creditors:   |   |                             |                            |
| Trade Creditors  | 164,874   | 194,941                     | 194,941                    |
| Australian Taxation Office                                       | 20,492  | 20,492                      | 20,492                     |
| Customer Deposits  | -   | 865,086                     | 865,086                    |
| Other Creditors (contingent)                                     | -   | 250,000                     | 250,000                    |
| Related Party Creditors  |   |                             |                            |
| Aussie Strength  | 891,367   | 891,367                     | 1,011,687                  |
| <b>Total Liabilities</b>   | <b>1,076,733</b>                                    | <b>2,221,886</b>            | <b>2,342,206</b>           |
| <b>Estimated Net Asset / (Deficiency)</b>                        | <b>(298,457)</b>                                    | <b>804,731</b>              | <b>(1,291,539)</b>         |

### 12.4.1 Assets

#### 12.4.1.1 Cash and Cash Equivalents

ASG's cash at bank was approximately \$50K held by CBA, which was secured into the Administration bank account. The funds are represented by customer deposits on or around the date of our appointment in relation to pre-appointment sales. There may be a recategorization required in due course for the accounting of this recovery.



#### 12.4.1.2 *Plant and Equipment*

The management accounts disclose minimal plant and equipment totalling approximately \$17K. The ledgers indicate that these amounts were a combination of sundry items transferred from AS to ASG and certain floor-stock.

As mentioned earlier, the documentation indicates that the majority of valuable equipment is held by AS, not ASG, and we have proceeded on that basis in terms of the sale/auction process. There is not anticipated to be any material realisable value for these assets in ASG.

#### 12.4.1.3 *Stock*

ASG's management accounts disclosed stock on hand with a book value of \$665K. This is the primary asset of ASG. We understand that a stocktake may have occurred around June 2022, however our review of the inventory records indicated that it was materially inaccurate. Accordingly, we engaged O'Maras to undertake an independent stocktake, and subsequent valuation.

The stocktake identified around 24,000 items on hand located at the Smithfield warehouse, plus further stock on-water. The valuation indicated that the stock was saleable, with appropriate process, and it had meaningful realisable value, subject to the sale process noting that the business no longer had staff or a retail outlet to turn the stock over.

We received a proposal from O'Maras (in association with GraysOnline) to sell down the stock over rolling auction sales, which was accepted. The stock sales have commenced with O'Maras to release value from the stock, whilst we also pursue a broader sale of the business (or a trade sale of the assets including the stock).

We are unable to disclose the valuation figures in this report, so as not to prejudice the ongoing sale/auction process. We have used illustrative figures for the stock to give creditors a guide on the potential realisable values in due course, which is subject to costs of disposal.

## 12.5 LIABILITIES

#### 12.5.1.1 *Priority Creditors*

There are no known employee claims against ASG. Instead, AS employed the staff and provided those resources to ASG via cross-charge.

#### 12.5.1.2 *Secured Creditors*

There are no known secured creditors with claims against ASG.

#### 12.5.1.3 *Unsecured Creditors*

Unsecured Creditors may be owed up to \$2.22M, subject to further enquiries and adjudication of claims. Below is a breakdown:

| Unsecured Creditors                        | ERV Amount<br>(\$) |
|--|--------------------|
| Trade Creditors                            | 194,941            |
| Australian Taxation Office                 | 20,492             |
| Customer Deposits                          | 865,086            |
| Other Creditors (contingent)               | 250,000            |
| Related Party Creditors                    | 891,367            |
| <b>Total Estimated Unsecured Creditors</b> | <b>2,221,886</b>   |

#### **12.5.1.4 Trade Creditors**

The balance sheet indicates trade creditors are owed an amount of approximately \$165K, as represented by various trade suppliers, logistics and utilities. Our estimate is approximately \$195K bringing to account additional claims notified during the Administration process.

We are also aware of various suppliers that are owed amounts which do not appear in accounts payable records of ASG. Those parties may have lodged claims in AS, given historical account naming arrangements. A recategorization of claims between the entities will be required depending on the dividend available in due course.

#### **12.5.1.5 Australian Taxation Office**

The balance sheet indicates that an amount of \$20K is owing to the ATO, which appears reasonable. However, there are outstanding BAS lodgements required which may alter the ATO's claim.

#### **12.5.1.6 Customer Deposits**

As previously discussed, the customer deposits were not recorded in the managements accounts as liabilities, representing unearned revenue. We estimate that the exposure is in the order of \$865K, the majority of which was paid by the Department of Defence. Customers who have paid deposits will be entitled to participate as unsecured creditors. Please refer to our comments in Section 8.3 above.

#### **12.5.1.7 Other Creditors (Contingent)**

We have also included a provision for other contingent creditors of \$250K. This provision is to address potential further defect or warranty claims from customer that cannot be satisfied given ASG's financial position.

#### **12.5.1.8 Related Party Creditors**

The balance sheet indicates that an amount of \$1.11M is owing to the AS. This amount is reflected in the accounts payable ledger. As mentioned, this amount pertains to the stock transfer from AS to ASG (\$731K) for which consideration has not been paid, and services provided by AS over the past 15 months (including access to premises, equipment and staffing).

There is a contra loan account, recording amounts owed by AS to ASG in respect for \$216K, in respect various amounts paid on behalf of AS (legal fees) or ASG sales received by AS. There is a minor discrepancy in the amounts reported in the respective AS and ASG ledgers. Overall, we estimate that net amount owed by ASG to AS is \$891K.

## 12.6 EXPLANATION OF DEFICIENCY

We set out below a summary of the potential deficiency for creditors of AS and ASG. The estimates are prepared on a conservative estimate of the asset values, however the true deficiency will become known once the sale/auction process is completed (net of costs).

In respect of AS, the estimated deficiency is around \$400K, which is represented by:

|  |                |
|--|----------------|
| Reserves   | \$1.6M         |
| Less: Loss on realisation of Assets                |                |
| Loan from ASG                                      | (\$900K)       |
| Impaired Stock                                     | (\$470K)       |
| Other unrealisable loans and assets                | (\$630)        |
| <b>Deficiency for creditors (subject to costs)</b> | <b>(\$400)</b> |

*We note that the above estimate allows only a minimal recovery on the loan account from ASG, which is subject to the ongoing asset sale/auction process. If the asset sales generate better results, towards the optimistic scenario, then it is possible that creditors may be discharged in full.*

In respect of ASG, the estimated deficiency is around \$1.3M, which is represented by:

|  |                 |
|--|-----------------|
| Accumulated Losses                                 | (\$300K)        |
| Add: Assets understated                            | \$50K           |
| Less: Liabilities understated, including:          |                 |
| Customer Deposits                                  | (\$865K)        |
| Other liabilities and contingent creditors         | (\$185K)        |
| <b>Deficiency for creditors (subject to costs)</b> | <b>(\$1.3M)</b> |

*We note that our estimate incorporates illustrative figures for the asset realisations, noting that the sale process is currently underway.*

## 13. PRELIMINARY INVESTIGATIONS

### 13.1 OVERVIEW

During the course of the Administration, we conducted investigations into the affairs of the Companies 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 Companies. Creditors should be aware that an Administrator does not have the power to recover voidable transactions or take action for insolvent trading.

### 13.2 INVESTIGATION CONSTRAINTS

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

As such, our investigations into the Companies' 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.

### 13.3 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 a 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 Companies’ management accounts maintained via Xero;
- Access to ASG’s stock and sales management systems maintained with Cin7;
- Company documents uploaded to the online storage facility, Google Drive;
- Limited employment records;
- Backup of the Companies’ computer systems; and
- Backup of the Companies’ computer system and employees’ email accounts.

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

- A completed ROCAP or director’s questionnaire for either of the Companies;
- Access to sales records pertaining to sales made by AS;
- Employment contracts;
- Any Agreements made between the Companies, suppliers, customers etc.; and
- Documents to explain the transfer of business from AS to ASG.

Despite the above lack of key operational and certain financial documents, the Director appears to have maintained the minimum records required to satisfy the requirements of Section 286 of the Act. Those missing key operational and financial documents are discussed elsewhere herein, and may represent other offences and/or claims.

## 13.4 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 a 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 judgment as a condition of funding the litigation).

## 13.5 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 a company. We have considered the prospects of such a claim, as it is one that is only available if creditors decide that a companies should be placed into Liquidation, and so may be relevant to the decisions Creditors take at their forthcoming Meeting.

### 13.5.1 What is Insolvent Trading?

Insolvent Trading is the incurring of a debt or liability at a time when a 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.

### 13.5.2 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.

### 13.5.3 Directors' Knowledge

As well as insolvency, a Liquidator must also show when a 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 our views in this respect below as well.

#### 13.5.4 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.

#### 13.5.5 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.

#### 13.5.6 Legal controversy

There are two 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.

### 13.6 ASSESSMENT OF INSOLVENCY

Our assessment has been based on the information available to us from the Companies records, from limited information provided by the Director and his advisors, the Companies’ staff and Creditors and on the basis of separate investigations of both the Companies affairs. As noted above, this assessment has been undertaken on a preliminary basis. If either 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 both Companies have been insolvent on a cashflow basis from at least 30 June 2021 or earlier.

We have also identified possible claims against the Director in respect of unreasonable director related transactions and breach of duties.

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

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

### 13.7 WORKING CAPITAL ANALYSIS

A working capital analysis was conducted based on management accounts and summarised below.

#### 13.7.1 AUSSIE STRENGTH PTY LTD

AS’s financial statements and accounting records show that it has maintained a net surplus for the periods reviewed from FY2019 to FY2022. However, those accounts have not been adjusted to reflect asset impairments and actual claims against AS.

The better test for insolvency is the cash flow test. We have analysed below AS’s working capital position based on the externally prepared financials from FY2019 to FY2022, and AS’s management accounts for the part-period ended 13 September 2022. On a prima facie basis, AS maintained a positive net working capital and a current asset ratio above 1.

|                                 | Period Ended<br>13-Sep-22<br>(\$) | Year Ended<br>30-Jun-22<br>(\$) | Year Ended<br>30-Jun-21<br>(\$) | Year Ended<br>30-Jun-20<br>(\$) | Year Ended<br>30-Jun-19<br>(\$) | Year Ended<br>30-Jun-18<br>(\$) |
|---------------------------------|-----------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| <b>Working Capital Analysis</b> |                                   |                                 |                                 |                                 |                                 |                                 |
| Current Assets                  | 1,902,345                         | 1,845,297                       | 1,439,838                       | 1,508,207                       | 2,338,111                       | 1,920,271                       |
| Current Liabilities             | 643,341                           | 552,956                         | 531,533                         | 613,391                         | 865,491                         | 446,252                         |
| <b>Net Working Capital</b>      | <b>1,259,004</b>                  | <b>1,292,342</b>                | <b>908,305</b>                  | <b>894,816</b>                  | <b>1,472,620</b>                | <b>1,474,019</b>                |
| <b>Current Asset Ratio</b>      | <b>2.96</b>                       | <b>3.34</b>                     | <b>2.71</b>                     | <b>2.46</b>                     | <b>2.70</b>                     | <b>4.30</b>                     |

We make the following comments regarding the current assets and liabilities of AS:

- ▲ AS has recorded a receivable in current assets in consideration for the transfer of its business to ASG. The amount recorded in AS's Xero records was \$731,975 on 28 July 2021. This amount remains unpaid as at the date of our appointment.
- ▲ AS holds stock on hand to a value of \$464K. We have been advised on our appointment, that the stock remaining in AS's books had little to no value. Accordingly, we have adjusted this amount from the current asset balance.
- ▲ AS has charged to ASG \$38,000 per month from 1 September 2021 in AS's accounts receivable. This amount pertains to the rent owed by AS to VPG to occupy the Smithfield premises.
- ▲ The Current Assets balance also included a loan to VPG of \$422K. In addition, AS's accounts receivables lists Nitecore Australia Pty Ltd as a debtor, a related party, for \$66,600 since 1 July 2021. These transactions/accounts are not immediately realisable and were incurred more than 12 months prior to our appointment. As they are also not arm's length transactions they are unlikely to be quickly recoverable assets for working capital purposes and have subsequently been adjusted in the table below.
- ▲ We have determined that the prepayment recorded in the balance sheet was recorded in July 2021 and is likely to now be an incurred expense.

Below is a summary of the net working capital position for the quarters ended 30 June 2021 to date, with separate adjustments for related party accounts receivables, loans and customer prepayments mentioned above. The result is a consistent working capital deficiency from the quarter of 30 June 2021 onwards, indicating that AS was insolvent on a cashflow basis since this time, and it did not return to solvency.

| Aussie Strength Pty Ltd                           | Period Ended<br>13-Sep-22 | Qtr Ended<br>30-Jun-22 | Qtr Ended<br>31-Mar-22 | Qtr Ended<br>31-Dec-21 | Qtr Ended<br>30-Sep-21 | Qtr Ended<br>30-Jun-21 |
|---|---------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Adjusted Working Capital Analysis (Quarterly)     | (\$)                      | (\$)                   | (\$)                   | (\$)                   | (\$)                   | (\$)                   |
| Current Assets                                    | 1,661,560                 | 1,599,828              | 1,490,337              | 1,467,855              | 1,529,471              | 1,439,837              |
| Less: Accounts Receivables - AS Global Pty Ltd    | (1,116,151)               | (1,000,651)            | (904,334)              | (847,475)              | (770,475)              | -                      |
| Less: Accounts Receivables - Nitecore Australia   | (66,600)                  | (66,600)               | (66,600)               | (66,600)               | (66,600)               | (66,600)               |
| Less: Stock on Hand                               | (464,418)                 | (464,418)              | (464,418)              | (464,418)              | (464,418)              | (1,129,850)            |
| <b>Adjusted Current Assets</b>                    | <b>14,391</b>             | <b>68,160</b>          | <b>54,985</b>          | <b>89,362</b>          | <b>227,979</b>         | <b>243,388</b>         |
| Current Liabilities                               | 589,140                   | 544,140                | 568,800                | 505,096                | 488,979                | 531,534                |
| Less: Accounts Payables - Valkyrie Property Trust | (210,957)                 | (175,957)              | (175,957)              | (175,957)              | (175,957)              | (175,365)              |
| <b>Adjusted Current Liabilities</b>               | <b>378,182</b>            | <b>368,182</b>         | <b>392,843</b>         | <b>329,139</b>         | <b>313,022</b>         | <b>356,169</b>         |
| <b>Net Working Capital</b>                        | <b>(363,791)</b>          | <b>(300,022)</b>       | <b>(337,858)</b>       | <b>(239,777)</b>       | <b>(85,043)</b>        | <b>(112,781)</b>       |
| <b>Current Asset Ratio</b>                        | <b>0.0381</b>             | <b>0.1851</b>          | <b>0.1400</b>          | <b>0.2715</b>          | <b>0.7283</b>          | <b>0.6833</b>          |

In terms of the reported net asset position, the accounts report the following:

| Adjusted Net Asset Analysis | Period Ended<br>13-Sep-22 | Year Ended<br>30-Jun-22 | Year Ended<br>30-Jun-21 | Year Ended<br>30-Jun-20 | Year Ended<br>30-Jun-19 | Year Ended<br>30-Jun-18 |
|-----------------------------|---------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                             | (\$)                      | (\$)                    | (\$)                    | (\$)                    | (\$)                    | (\$)                    |
| Total Assets                | 2,267,711                 | 2,210,663               | 2,329,937               | 2,250,704               | 2,536,970               | 2,139,751               |
| Total Liabilities           | (653,852)                 | (568,850)               | (576,423)               | (683,359)               | (968,365)               | (584,838)               |
| <b>Net Asset Position</b>   | <b>1,613,860</b>          | <b>1,641,814</b>        | <b>1,753,514</b>        | <b>1,567,345</b>        | <b>1,568,605</b>        | <b>1,554,913</b>        |

However, when similar adjustments are made to the reported accounts for the impaired ASG loans and stock, the net asset position reduces dramatically. The surplus recorded below give the benefit of time and does not take into account the costs of recovery on assets, such as the VPG loan.

| Aussie Strength Pty Ltd                         | Period Ended<br>13-Sep-22 | Year Ended<br>30-Jun-22 | Year Ended<br>30-Jun-21 | Year Ended<br>30-Jun-20 | Year Ended<br>30-Jun-19 | Year Ended<br>30-Jun-18 |
|---|---------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Net Asset Analysis                              | (\$)                      | (\$)                    | (\$)                    | (\$)                    | (\$)                    | (\$)                    |
| Total Assets                                    | 2,559,256                 | 2,497,525               | 2,329,937               | 2,250,704               | 2,536,970               | 2,139,751               |
| Less: Accounts Receivables - AS Global Pty Ltd  | (1,116,151)               | (1,000,651)             | -                       | -                       | -                       | -                       |
| Less: Accounts Receivables - Nitecore Australia | (66,000)                  | (66,000)                | (66,000)                | -                       | -                       | -                       |
| Less: Stock on Hand                             | (464,418)                 | (464,418)               | (1,129,850)             | -                       | -                       | -                       |
| <b>Adjusted Total assets</b>                    | <b>912,688</b>            | <b>966,457</b>          | <b>1,134,087</b>        | <b>2,250,704</b>        | <b>2,536,970</b>        | <b>2,139,751</b>        |
| Total Liabilities                               | (946,667)                 | (855,711)               | (576,423)               | (683,359)               | (968,365)               | (584,838)               |
| Add: ASG Loan Account                           | 216,004                   | 177,521                 | -                       | -                       | -                       | -                       |
| <b>Adjusted Total Liabilities</b>               | <b>(730,663)</b>          | <b>(678,190)</b>        | <b>(576,423)</b>        | <b>(683,359)</b>        | <b>(968,365)</b>        | <b>(584,838)</b>        |
| <b>Adjusted Net Asset Position</b>              | <b>182,025</b>            | <b>288,267</b>          | <b>557,664</b>          | <b>1,567,345</b>        | <b>1,568,605</b>        | <b>1,554,913</b>        |

The deterioration of value indicates that AS was suffering a meaningful cashflow issue, where any solution to that issue was subject to the recovery of loans owed by related parties.

### 13.7.2 AUSSIE STRENGTH GLOBAL PTY LTD

ASG's management accounts report that the business had minimal reserves which were quickly dissipated over its trading life (being circa 15 months). The ASG accounts have not been adjusted to reflect asset impairments and substantial unreported liabilities to creditors (including customers).

We have analysed below ASG's working capital position based on the available management accounts for FY2022 and part-year FY2023. On a prima facie basis, there appears to be a deterioration of the working capital and consistent net asset deficiency since commencing to trade.

| Aussie Strength Global Pty Ltd | Period Ended<br>13-Sep-22 | Year Ended<br>30-Jun-22 |
|--------------------------------|---------------------------|-------------------------|
| Working Capital Analysis       | (\$)                      | (\$)                    |
| Current Assets                 | 690,937                   | 829,101                 |
| Current Liabilities            | 1,301,516                 | 1,014,483               |
| <b>Net Working Capital</b>     | <b>(610,579)</b>          | <b>(185,382)</b>        |
| <b>Current Asset Ratio</b>     | <b>0.53</b>               | <b>0.82</b>             |

- ASG's Current Assets balance makes no provision for unfilled customer orders. In particular we refer to prepayments made for customer orders not yet fulfilled. We have estimated this as at our appointment to be \$865K. We have assumed in our revised analysis below, that the customer prepayment amounts increase over time.
- The stock is technically understated based on enquiries, however the realisable value is still to be determined.

Below is a summary of the net working capital position for the quarters ended 30 June 2021 to date, with a provision for liability owed on customer prepayments and an adjustment for stock holdings. The result is a consistent working capital deficiency from 30 June 2021, indicating that ASG was insolvent on a cashflow basis since it commenced trading effective in June/July 2021, and it did not return to solvency.

| Aussie Strength Global Pty Ltd                           | Period Ended<br>13-Sep-22 | Qtr Ended<br>30-Jun-22 | Qtr Ended<br>31-Mar-22 | Qtr Ended<br>31-Dec-21 | Qtr Ended<br>30-Sep-21 | Qtr Ended<br>30-Jun-21 |
|--|---------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Adjusted Working Capital Analysis (Quarterly)            | (\$)                      | (\$)                   | (\$)                   | (\$)                   | (\$)                   | (\$)                   |
| Current Assets   | 690,937                   | 829,101                | 679,892                | 845,863                | 982,995                |                        |
| <i>Add: Stock on Hand not recorded</i>                   | 334,568                   | -                      | -                      | -                      | -                      |                        |
| <b>Adjusted Current Assets</b>                           | <b>1,025,505</b>          | <b>829,101</b>         | <b>679,892</b>         | <b>845,863</b>         | <b>982,995</b>         |                        |
| Current Liabilities                                      | 1,301,516                 | 1,014,483              | 1,078,888              | 1,032,759              | 866,104                |                        |
| <i>Add: Customer Prepayments</i>                         | 865,086                   | 500,000                | 500,000                | 250,000                | 250,000                |                        |
| <i>Less: Accounts Payables - Aussie Strength Pty Ltd</i> | -                         | -                      | -                      | -                      | -                      |                        |
| <b>Adjusted Current Liabilities</b>                      | <b>2,166,602</b>          | <b>1,514,483</b>       | <b>1,578,888</b>       | <b>1,282,759</b>       | <b>1,116,104</b>       |                        |
| <b>Net Working Capital</b>                               | <b>(1,141,097)</b>        | <b>(685,382)</b>       | <b>(898,997)</b>       | <b>(436,896)</b>       | <b>(133,108)</b>       |                        |
| <b>Current Asset Ratio</b>                               | <b>0.4733</b>             | <b>0.5474</b>          | <b>0.4306</b>          | <b>0.6594</b>          | <b>0.8807</b>          |                        |

In terms of the reported net asset position, the accounts report the following:

| Aussie Strength Global Pty Ltd | Period Ended<br>13-Sep-22 | Year Ended<br>30-Jun-22 |
|--------------------------------|---------------------------|-------------------------|
| Net Asset Analysis             | (\$)                      | (\$)                    |
| Total Assets                   | 1,002,748                 | 1,028,101               |
| Total Liabilities              | (1,301,516)               | (1,014,483)             |
| <b>Net Asset Position</b>      | <b>(298,768)</b>          | <b>13,618</b>           |

However, when similar adjustments are made to the reported accounts for the customer prepayments and stock the net asset position further deteriorates, indicating an insolvency on a balance sheet basis also. The deficiency below does not allow for the costs of realising the assets which will be significant and would further deteriorate the net asset position.

| Aussie Strength Global Pty Ltd         | Period Ended<br>13-Sep-22 | Year Ended<br>30-Jun-22 | Year Ended<br>30-Jun-21 |
|--|---------------------------|-------------------------|-------------------------|
| Net Asset Analysis                     | (\$)                      | (\$)                    | (\$)                    |
| Total Assets                           | 1,002,748                 | 1,028,101               | -                       |
| <i>Add: Stock on Hand not recorded</i> | 334,568                   | -                       | -                       |
| <b>Adjusted total assets</b>           | <b>1,337,316</b>          | <b>1,028,101</b>        | <b>-</b>                |
| Total Liabilities                      | (1,301,516)               | (1,014,483)             | -                       |
| <i>Add: Customer Prepayments</i>       | (865,086)                 | (500,000)               | -                       |
| <b>Adjusted total liabilities</b>      | <b>(2,166,602)</b>        | <b>(1,514,483)</b>      | <b>-</b>                |
| <b>Adjusted Net Asset Position</b>     | <b>(829,286)</b>          | <b>(486,382)</b>        | <b>-</b>                |

Given the minimal equity in ASG, trading losses and its obligations to repay AS for the business it acquired, but did not pay for, it appears clear ASG would not be able to repair the deficiency in net assets, even with the benefit of time.

## 13.8 OTHER INDICATORS OF INSOLVENCY

### 13.8.1 AUSSIE STRENGTH PTY LTD

In addition, we have observed the following which are indicative of insolvency:

- The above analysis indicates that AS consistently reported a liquidity ratio of below 1, since at least 30 June 2021.
- Similarly, the above analysis indicates a negative working capital position.
- The stock values included in the current assets stated stock of circa \$464K. However, as mentioned above, we understand that the stock remaining had little to no realisable value. As such, AS had little to no stock available to trade after 29 July 2021. Additionally, AS did not have sufficient working capital available to purchase any additional stock.
- On a proper accounting, bringing to account the historical customer prepayments as unearned revenue rather than income, AS would likely have reported trading losses. We do not have available to historical customer records to quantify these losses at this time.
- AS has had historical debts owed to the ATO since at least February 2019. In or around April 2022, AS entered into payment arrangements with the ATO in respect of unpaid arrears debts, however AS failed to comply with the payment obligations. Ultimately, the ATO sought to enforce on its debt, including issuing Director Penalty Notices.
- There are indications of creditors being unpaid outside of trading terms, with creditors having negotiated payment terms to settle outstanding debts.

Having considered these issues, it is our preliminary view that AS has been insolvent since at least 30 June 2021 and has not returned to solvency since.

### 13.8.2 AUSSIE STRENGTH GLOBAL PTY LTD

In respect of ASG, we have observed the following which are indicative of insolvency:

- ASG solvency position was tied to the financial performance of AS, who controlled the premises, equipment and staffing. Effectively, ASG continued to trade by not repaying AS for the amounts it owed, which in turned caused AS to fail.
- The above analysis indicates that ASG consistently reported a liquidity ratio of below 1, since at 30 June 2021, or around the time ASG commenced trading.
- In addition, there was a shortfall of available working capital.
- ASG reported a deficiency in net assets.
- On a proper accounting, bringing to account the customer prepayments as unearned revenue rather than income, ASG would have reported trading losses. We have made estimates of those customer prepayments for the FY2022 period based on the claims now known to us.
- Financial statements have not been prepared for ASG since incorporation in 2020. We are aware that BAS returns are outstanding for the June 2022 quarter and the previous returns for the quarters ended September 2021 and December 2021 and March 2022 were all lodged outside the statutory timeframes.

Having considered these issues, it is our preliminary view that ASG has been insolvent since at least 30 June 2021 and has not returned to solvency since.

### 13.9 POTENTIAL AMOUNT OF CLAIM

Determining the value of an insolvent trading claim will generally involve a forensic review of the debts incurred after the date on which it can be maintained that the Companies were insolvent. For the purposes of this Report we have prepared a preliminary assessment of the claim, assuming the Companies were insolvent since 30 June 2021.

Our investigations indicate that an insolvent trading claim may be valued at up to \$300K for AS and up to \$1.3M for ASG. These losses reflect the estimated creditor claims incurred by each entity after June 2021.

We note the following in respect of this preliminary assessment:

- ▲ The Companies continued to incur debts with other trade creditors up to the date of our appointment, who have now suffered a loss.
- ▲ This estimate excludes claims of employees, the Premises landlord and any related parties.
- ▲ The quantum of the claim is subject to what shortfall may exist (if any) depending on the result of the sale process and recovery on the various loans. It is too early to accurately estimate those amounts, noting the commercial issues discussed earlier.

### 13.10 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 Director is currently unwell and receiving medical treatment. It is unclear for how long the Director has been unwell, and therefore whether he was actively controlling the management of the Companies. It is therefore possible that the Director may seek to rely upon his medical issues as a potential defence to a claim brought against him, including for example potential losses suffered from the transfer of business from AS to ASG where he was sole director.

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

### 13.11 RECOVERY OF CLAIM

Regardless, we have explored below the potential recoverable value of an insolvent trading or breach of duty claim against the potential defendant, Director, Mr Andrew Taylor.

Our investigations have identified the following:

- ▲ A Property search undertaken in QLD conducted on the Director indicates a number of possible matches. It is difficult to discern from the search if they are owned by the Director or another individual with the same name.

- ▲ A Property search undertaken in NSW have been conducted on the Director. The searches indicate that he is not the registered owner of any real property in NSW.
- ▲ We have also performed Property searches in NSW and QLD to determine if the Director's company, Paper Street Industries Pty Ltd, is the owner of any real property. The QLD title search indicated that Paper Street Industries is the registered owner of a property located on the Sunshine Coast. The property is encumbered to the Commonwealth Bank of Australia.

Some key observations are as follows:

- ▲ We have received little information from the Director, given his medical issues and absence during the administration process.
- ▲ We intend to request that the Director provide a statement of personal assets and liabilities for our consideration for potential claims, and recovery of loans.
- ▲ The actual loss that may be suffered by creditors is subject to the outcome of the sale/auction process and loan recoveries, which will then assist determining the quantum of any claims.
- ▲ 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. We have made a provision in our estimated statement of position outlining a possible cost for litigation funding, if any claim is pursued.
- ▲ 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.

### 13.12 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 in relation 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:

### 13.13 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 our appointment.

We refer to Section 10 above, outlining the transfer of stock from AS to ASG. The entering into this transaction by the Director was not in the best interests of AS, as consideration was not paid and it appears ASG did not have capacity to make such payment. Put another way, if ASG was not controlled by the Director, it is highly unlikely that the Director of AS would have entered into that transaction.

The result of the transaction was that AS became insolvent, if it was not already, and could not satisfy its creditor claims hence the ATO enforcement action.

It is arguable that the purpose of the transaction was an attempt to shift assets away from creditor and shareholder claims. In particular, it appears likely that the transaction may have been directed as an attempt to defeat the claims of Mr Crown, who had a short time prior resigned as a Director of AS and commenced litigation.

The sale of business transaction could be pursued as an Unreasonable Director Related Transaction claim. However, that loss is effectively mirrored by the insolvent trading claim discussed earlier, in respect of creditors interests. We are unable to quantify if any loss was suffered by shareholders, noting the insolvency of the Companies, and therefore lack of shareholder value.

We have also identified a range of payments made by the Companies for personal expenditure of the Director. As an example, we have observed that the director withdrew an amount of \$10K from the ASG's bank account on the day of our appointment without any basis. There is no reference in the accounts to FBT liability being recorded in respect of "benefits" being provided.

Further, there are significant legal expenses to the extent of \$200K over the previous 2 years, which were funded by ASG. However, it is unclear how those legal costs were the responsibility of the Companies, as opposed to personal costs of Mr Taylor in his disputes with Mr Crown and other family members. We do not have the necessary legal invoices to analyse the costs at this stage, however it is highly likely that a significant portion of those costs ought to have been paid by the Director, not from the Companies.

For the purposes of our report we have estimated that there may be Unreasonable Director Related Transaction to pursue for approximately \$100K. These claims may alternatively be considered as breach of duty claims.



### 13.13.1.1 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 by AS for a sum of \$89,700 were paid to a creditor of AS which might be of preferential nature and thus voidable against the Liquidator, should one be appointed. However, it is unclear if it can be demonstrated that the creditor was aware, or ought to have suspected, that AS was insolvent, and therefore the creditor may be able to rely on a defence. Further work is required by a Liquidator (if appointed), and we have not included a recovery in our AS estimates in this report.

In respect of ASG, our preliminary investigations have identified payments totalling \$93,700 to 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<br>\$ |
|--------------|----------------------|
| Party 1      | 71,000               |
| Party 2      | 22,700               |
| <b>Total</b> | <b>93,700</b>        |

Again, there is limited evidence that the creditors knew or ought to have known that ASG was insolvent, and therefore a good faith defence may be available. Furthermore, there is limited commercial value, having regard to the costs of potential litigation. Further work is required by a Liquidator (if appointed), and we have not included a recovery in our ASG estimates in this report.

### 13.13.1.2 Unfair Loans (S588FD)

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 have not identified any unfair loans at this stage.

### 13.13.1.3 *Uncommercial Transactions (S588FB)*

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

### 13.13.1.4 *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 of the Companies.

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

### 13.13.1.5 *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 have not identified any voidable security interests.

## 14. SUMMARY OF POTENTIAL OFFENCES

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

| Section | Potential Offence Identified               | Summary of Offence  |
|---------|--|---|
| 180     | Director's breach of fiduciary duties by   | Insolvent Trading   |
| 181     | failing to act with care & diligence, good |   |
| 182     | faith and use of position                  |   |
|         |  | Arranging for the transfer of assets from AS to ASG, to the detriment of AS |

|        |  |   |
|--------|--|---|
|        |  | Use of company funds for personal expenditure                               |
| 588FDA | Unreasonable Director Related Transactions   | Arranging for the transfer of assets from AS to ASG, to the detriment of AS |
|        |  | Use of Company funds for personal expenditure                               |
| 588G   | Director's duty to prevent insolvent trading | Insolvent Trading   |

## 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.

As we have not received a ROCAP from the director, we will also be required to advise ASIC of this offence.

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

## 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 in a Liquidation scenario, noting that we do not have a DOCA proposal for comparison. Please note these figures are estimates only, and the actual results may vary materially.

In summary, we note that the estimated return provides as follows:

### Aussie Strength Pty Ltd

- Priority Creditors a return of nil to 100 cents in the dollar; and
- Unsecured Creditors a return of nil to 97 cents in the dollar.
- Secured creditor CBA is assumed that it will be discharged by VPG.

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- ▲ Priority Creditors a return of nil to 100 cents in the dollar; and
- ▲ Unsecured Creditors a return of 5 to 57 cents in the dollar.

As noted above, the return for creditors is contingent on the values obtained from the Companies assets, and any recoveries that may flow in a Liquidation scenario. Those outcomes are unknown at this time. However, as a best estimate, we project the following returns may be available in a Liquidation scenario in 6-12 months:

In the interim, 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 ADMINISTRATOR

Pursuant to Rule 75-225(3) of the IPR, the Administrator is 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 Companies to execute a DOCA;
- ▲ Whether it would be in the Creditors' interests for the administrations to end;
- ▲ Whether it would be in the Creditors' interests for the Companies 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 discussion with the Director and former Director to explore a proposal for a DOCA, however neither have put forward a DOCA proposal at this time. Further, no other party has come forward with a DOCA proposal, including parties we are in discussions with through the sale process.

We note that if the forthcoming meeting is adjourned as previously discussed, then it is possible that a DOCA could still be proposed. In those circumstances, we will report to creditors on same, and make an assessment as to whether the proposed DOCA provides a better return to creditors than Liquidation (which is our current recommendation). However, at this time, there is no DOCA for creditors to consider.

**We do not recommend creditors resolve that the Companies execute a DOCA on the basis that there are no DOCA proposals for creditors to consider.**

### 16.2 ADMINISTRATION TO END

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

The Companies are clearly insolvent and if the administrations were to end, the Companies would be placed in a similar position to that existing prior to our appointment as Administrators.

**We do not recommend that the Administrations end on the basis that the Companies are clearly insolvent.**

### 16.3 LIQUIDATION

Should Creditors decide to wind up the Companies, the Administrators would convert to a Creditors Voluntary Liquidators and the Administrators would become the Liquidators, unless creditors resolved to appoint alternative Liquidators.

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

**On the basis that the Companies are insolvent, and that no DOCAs has been proposed for creditors' consideration, we recommend that Creditors resolve to wind up the Companies.**

Notwithstanding that the resolution to wind up the Companies is an agenda item for the forthcoming concurrent meetings, as previously discussed, in order to preserve value in the Companies' assets and attempt to complete the sale or structure stock sell-down, pursuant to Rule 75-140(1)(b) of the IPR, we intend to adjourn the Second Meetings of Creditors for up to forty-five (45) business days. Therefore, the resolution to wind up the Companies may not be determined by creditors until the resumption of the Second Meetings of Creditors.

## 17. ADMINISTRATORS' RECEIPTS AND PAYMENTS

Attached as **Annexure "9"** is the Administrators' Receipts and Payment from 13 September 2022 to 13 October 2022.

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

On the basis that we are to be appointed Liquidators, 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 "9"** for further details.

## 19. SECOND MEETING OF CREDITORS

The Second Meetings of Creditors will be held concurrently on Thursday, 20 October 2022 at 11:00AM AEDT. The formal Notice of Meeting is attached as **Annexure "1"** for your reference.

The purpose of the Second Meetings of Creditors is to enable Creditors to consider the Administrators' Report pursuant to Rule 75-225 of the IPR and to determine the Companies' 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 Meetings are not required to be re-lodged for the Second Meetings 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 Meetings cannot be used at the Second Meetings and it is necessary for Creditors attending to submit new proxies for the Second Meetings 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 our 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 our 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: Max Florian

Phone: (02) 8263 2300

Email: [mflorian@brifnsw.com.au](mailto:mflorian@brifnsw.com.au)

Mailing: GPO Box 7079, Sydney NSW 2001

Yours faithfully,

**AUSSIE STRENGTH PTY LTD  
AUSSIE STRENGTH GLOBAL PTY LTD  
(BOTH ADMINISTRATORS APPOINTED)**



**JONATHON KEENAN**

Joint and Several Administrator

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

---

**AUSSIE STRENGTH PTY LTD  
(ADMINISTRATORS  
APPOINTED)  
ACN 150 420 625**

**AUSSIE STRENGTH GLOBAL  
PTY LTD  
(ADMINISTRATORS  
APPOINTED)  
ACN 646 609 501**

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

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FORM 529

CORPORATIONS ACT 2001  
*Section 439A*

Insolvency Practice Rules (Corporations)  
75-10, 75-15, 75-20, 75-35

**NOTICE OF SECOND MEETING OF CREDITORS**

**AUSSIE STRENGTH PTY LTD  
(ADMINISTRATORS APPOINTED)  
ACN 150 420 625  
ABN 61 150 420 625**

**AUSSIE STRENGTH GLOBAL PTY LTD  
(ADMINISTRATORS APPOINTED)  
ACN 646 609 501  
ABN 21 646 609 501  
("THE COMPANIES)**

Notice is given that a Second Meeting of Creditors of the Companies will be held on Thursday, 20 October 2022 at 11:00 AM AEDT. This meeting will be held at the offices of BRI Ferrier, Level 30, 'Australia Square', 264 George Street, Sydney NSW 2000.

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/tZUod-6opj0rGtxMEjc7zrHQDKuPx6TMiUqc>

**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 Companies:
  - 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.

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 13<sup>th</sup> day of October 2022.



JONATHON KEENAN  
JOINT AND SEVERAL ADMINISTRATOR

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

Telephone: 02 8263 2300



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**AUSSIE STRENGTH PTY LTD  
(ADMINISTRATORS  
APPOINTED)  
ACN 150 420 625**

**AUSSIE STRENGTH GLOBAL  
PTY LTD  
(ADMINISTRATORS  
APPOINTED)  
ACN 646 609 501**

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**Annexure "2"  
Formal Proof of Debt with Request to  
Receive Electronic Communications**

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FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

To the Joint and Several Administrators of: (please tick one)

Aussie Strength Pty Ltd (Administrators Appointed) ACN 150 420 625  
Aussie Strength Global Pty Ltd (Administrators Appointed) ACN 646 609 501

1. This is to state that the company was, on 13 September 2022 <sup>(1)</sup> and still is, justly and truly indebted to<sup>(2)</sup> (full name):

.....  
(‘Creditor’)

.....  
of (full address)

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

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

| Date | Consideration <sup>(3)</sup><br>state how the debt arose | Amount \$ | GST<br>included \$ | Remarks <sup>(4)</sup><br>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 <sup>(5)</sup>

I am a related creditor of the Company <sup>(5)</sup>  
relationship: .....

3A.<sup>(6)\*</sup> 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.<sup>(6)\*</sup> 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.

The External Administrators' (whether as Voluntary Administrators/Deed Administrators/Liquidators) will send and give give electronic notification of documents in accordance with Section 600G of the Corporations Act 2001. Please provide your email address below:

Contact Name: .....

Email Address: .....

DATED this..... day of.....2022

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.

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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**

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**AUSSIE STRENGTH PTY LTD  
(ADMINISTRATORS  
APPOINTED)  
ACN 150 420 625**

**AUSSIE STRENGTH GLOBAL  
PTY LTD  
(ADMINISTRATORS  
APPOINTED)  
ACN 646 609 501**

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**Annexure "3"  
Appointment of Proxy Form**

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APPOINTMENT OF PROXY  
 CREDITORS MEETING

AUSSIE STRENGTH PTY LTD  
 (ADMINISTRATORS APPOINTED)  
 ACN 150 420 625  
 ABN 61 150 420 625

|  |  |
|--|--|
| *I/*We<br>(If a firm, strike out "I" and set out the full name of the firm.)   |  |
| Of<br>(insert address of creditor)   |  |
| being a creditor of the Company, appoint:<br>(Insert the name, address and description of the person appointed)  |  |
| or in his or her absence<br>(Insert the name, address and description of the person appointed)   |  |
| to vote for me/us on my/our behalf at the meeting of creditors to be held on Thursday, 20 October 2022 at 11.00AM AEDT, or at any adjournment of that meeting. |  |

Please mark any boxes with an

Proxy Type:  General  Special

|  | For                      | Against                  | Abstain                  |
|--|--------------------------|--------------------------|--------------------------|
| <p><b><u>Resolution 1:</u></b></p> <p><i>“That the remuneration of the Administrators, their partners and staff for the period 13 September 2022 to 10 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 13 October 2022 be fixed and approved at \$74,118.00 (excl. GST), and that the</i></p> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

|   | For                      | Against                  | Abstain                  |
|---|--------------------------|--------------------------|--------------------------|
| <i>Administrators be authorised to draw that amount as required.”</i>   |                          |                          |                          |
| <p><b><u>Resolution 2:</u></b></p> <p><i>“That the remuneration of the Administrators, their partners and staff for the period 11 October 2022 to the conclusion of the administration, be calculated on a time basis in accordance with the rates of charge annexed to the Voluntary Administrators’ Second Report to Creditors dated 13 October 2022 and approved to an interim cap of \$76,000.00 (excl. GST) and that the Administrators be authorised to draw that amount as and when incurred.”</i></p>                                       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p><b><u>Resolution 3</u></b></p> <p><i>“That the Administrators be allowed internal disbursements for the period 13 September 2022 to the conclusion of the Administration at the rates of charge annexed to the Voluntary Administrators’ Remuneration Approval Report dated 13 October 2022, up to an amount of \$1,000.00 (excl. GST) and that the Administrators be authorised to draw that amount as accrued.”</i></p>  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p><b><u>Resolution 4</u></b><sup>(3)</sup></p> <p><i>“That the Voluntary Administration should end.”</i></p>   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p><b><u>Resolution 5</u></b><sup>(3)</sup></p> <p><i>“That the Company be wound up.”</i></p>   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p><b><u>Resolution 6 – If creditors resolve to wind up the Company:</u></b></p> <p><i>“That the remuneration of the Liquidators, their partners and staff for the period 20 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 13 October 2022 and approved to an interim cap of \$150,000.00 (excl. GST) and that the Liquidators be authorised to draw that amount as and when incurred.”</i></p> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |



|  | For                      | Against                  | Abstain                  |
|--|--------------------------|--------------------------|--------------------------|
| <p><b><u>Resolution 7 – If the Company is wound up</u></b></p> <p><i>“That the Liquidators be allowed internal disbursements for the period 20 October 2022 to the conclusion of the Liquidation at the rates of charge annexed to the Voluntary Administrators’ Remuneration Approval Report dated 13 October 2022, up to an amount of \$1,000.00 (excl. GST) and that the Liquidators be authorised to draw that amount as accrued.”</i></p> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p><b><u>Resolution 8 – If creditors resolve to wind up the Company:</u></b></p> <p><i>“That subject to the consent of the Australian Securities &amp; Investments Commission, the Joint and Several Liquidators be approved to destroy the books and records of the Company at any time after the dissolution of the Company.”</i></p>  | <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 this .....day 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: [mflorian@brifnsw.com.au](mailto:mflorian@brifnsw.com.au), or Fax: (02) 8263 2399, or Post: GPO Box 7079 SYDNEY NSW 2001

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**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 this .....day of ..... 2022

Signature of Witness: .....

Description: .....

Place of Residence: .....

APPOINTMENT OF PROXY  
CREDITORS MEETING

AUSSIE STRENGTH GLOBAL PTY LTD  
(ADMINISTRATORS APPOINTED)  
ACN 646 609 501  
ABN 21 646 609 501

|  |  |
|--|--|
| <i>*I/*We<br/>(If a firm, strike out "I" and set out the full name of the firm.)</i>   |  |
| <i>Of<br/>(insert address of creditor)</i>   |  |
| <i>being a creditor of the Company, appoint:<br/>(Insert the name, address and description of the person appointed)</i>  |  |
| <i>or in his or her absence<br/>(Insert the name, address and description of the person appointed)</i>   |  |
| to vote for me/us on my/our behalf at the meeting of creditors to be held on Thursday, 20 October 2022 at 11.00AM AEDT, or at any adjournment of that meeting. |  |

Please mark any boxes with an

Proxy Type:  General  Special

|   | For                      | Against                  | Abstain                  |
|---|--------------------------|--------------------------|--------------------------|
| <p><b><u>Resolution 1:</u></b><br/> <i>“That the remuneration of the Administrators, their partners and staff for the period 13 September 2022 to 10 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 13 October 2022 be fixed and approved at \$192,940.50 (excl. GST), and that the Administrators be authorised to draw that amount as required.”</i></p>                                    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p><b><u>Resolution 2:</u></b><br/> <i>“That the remuneration of the Administrators, their partners and staff for the period 11 October 2022 to the conclusion of the administration, be calculated on a time basis in accordance with the rates of charge annexed to the Voluntary Administrators’ Second Report to Creditors dated 13 October 2022 and approved to an interim cap of \$78,000.00 (excl. GST) and that the Administrators be authorised to draw that amount as and when incurred.”</i></p> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p><b><u>Resolution 3:</u></b><br/> <i>“That the Administrators be allowed internal disbursements for the period 13 September 2022 to the conclusion of the Administration at the rates of charge annexed to the Voluntary Administrators’ Remuneration Approval Report dated 13 October 2022, up to an amount of \$3,000.00 (excl. GST) and that the Administrators be authorised to draw that amount as accrued.”</i></p>   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p><b><u>Resolution 4<sup>(3)</sup>:</u></b><br/> <i>“That the Voluntary Administration should end.”</i></p>  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p><b><u>Resolution 5<sup>(3)</sup>:</u></b><br/> <i>“That the Company be wound up.”</i></p>  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p><b><u>Resolution 6 – If creditors resolve to wind up the Company:</u></b><br/> <i>“That the remuneration of the Liquidators, their partners and staff for the period 20 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’</i></p>   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

|  | For                      | Against                  | Abstain                  |
|--|--------------------------|--------------------------|--------------------------|
| <i>Second Report to Creditors dated 13 October 2022 and approved to an interim cap of \$200,000.00 (excl. GST) and that the Liquidators be authorised to draw that amount as and when incurred."</i>   |                          |                          |                          |
| <b>Resolution 7 – If creditors resolve to wind up the Company:</b><br><i>"That the Liquidators be allowed internal disbursements for the period 20 October 2022 to the conclusion of the Liquidation at the rates of charge annexed to the Voluntary Administrators' Remuneration Approval Report dated 13 October 2022, up to an amount of \$3,000.00 (excl. GST) and that the Liquidators be authorised to draw that amount as accrued."</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>Resolution 8 – If creditors resolve to wind up the Company:</b><br><i>"That subject to the consent of the Australian Securities &amp; Investments Commission, the Joint and Several Liquidators be approved to destroy the books and records of the Company at any time after the dissolution of the Company."</i>  |                          |                          |                          |

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**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 this .....day 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: [mflorian@brifnsw.com.au](mailto:mflorian@brifnsw.com.au), or Fax: (02) 8263 2399, or Post: GPO Box 7079 SYDNEY NSW 2001**

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**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 this .....day of ..... 2022

Signature of Witness: .....

Description: .....

Place of Residence: .....



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**AUSSIE STRENGTH PTY LTD  
(ADMINISTRATORS  
APPOINTED)  
ACN 150 420 625**

**AUSSIE STRENGTH GLOBAL  
PTY LTD  
(ADMINISTRATORS  
APPOINTED)  
ACN 646 609 501**

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**Annexure "4"  
Comparative Financial Statements –  
Balance Sheets**

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| Aussie Strength Pty Ltd (Administrators Appointed)   |                                   |                                 |                                 |                                 |                                 |                                 |                                 |                                 |
|--|-----------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| ACN 150 420 625  |                                   |                                 |                                 |                                 |                                 |                                 |                                 |                                 |
| Comparative Balance Sheets   |                                   |                                 |                                 |                                 |                                 |                                 |                                 |                                 |
| For the Financial Years Ended 30 Jun 2018 to 30 Jun 2022 and Part-Year Ended 13 September 2022 |                                   |                                 |                                 |                                 |                                 |                                 |                                 |                                 |
|  | Period Ended<br>13-Sep-22<br>(\$) | Year Ended<br>30-Jun-22<br>(\$) | Year Ended<br>30-Jun-21<br>(\$) | Year Ended<br>30-Jun-20<br>(\$) | Year Ended<br>30-Jun-19<br>(\$) | Year Ended<br>30-Jun-18<br>(\$) | Year Ended<br>30-Jun-17<br>(\$) | Year Ended<br>30-Jun-16<br>(\$) |
| <b>ASSETS</b>  |                                   |                                 |                                 |                                 |                                 |                                 |                                 |                                 |
| <b>Current Assets</b>  |                                   |                                 |                                 |                                 |                                 |                                 |                                 |                                 |
| Cash at bank   | 5,885                             | 59,654                          | 189,130                         | 404,421                         | 98,023                          | 155,210                         | 427,458                         | 58,972                          |
| Provision for Taxation   | -                                 | -                               | -                               | 53,136                          | 110,080                         | (210,711)                       | -                               | -                               |
| Accounts Receivables   | 1,182,751                         | 1,067,251                       | 119,076                         | 124,074                         | 358,027                         | 715,321                         | 353,362                         | 105,834                         |
| Cash on Hand   | 10                                | 10                              | 10                              | 10                              | 10                              | 10                              | 10                              | 10                              |
| Loan - Nitecore Australia Pty Ltd  | -                                 | -                               | -                               | -                               | 5,000                           | 55,430                          | 85,429                          | -                               |
| Loan - Valkyrie Property Group Pty Ltd   | -                                 | -                               | -                               | -                               | 428,438                         | 428,438                         | -                               | -                               |
| Petty Cash   | 1,772                             | 1,772                           | 1,772                           | 878                             | 5,878                           | 5,000                           | -                               | -                               |
| Stock on Hand  | 464,418                           | 464,418                         | 1,129,850                       | 702,629                         | 1,170,154                       | 529,103                         | 309,679                         | 326,163                         |
| Stock Prepayment   | 6,724                             | 6,724                           | -                               | 223,059                         | 162,501                         | 242,470                         | 115,280                         | 77,181                          |
| <b>Total Current Assets</b>  | <b>1,661,560</b>                  | <b>1,599,828</b>                | <b>1,439,838</b>                | <b>1,508,207</b>                | <b>2,338,111</b>                | <b>1,920,271</b>                | <b>1,291,218</b>                | <b>568,160</b>                  |
| <b>Non-Current Assets</b>  |                                   |                                 |                                 |                                 |                                 |                                 |                                 |                                 |
| Property, Plant and Equipment  | 222,352                           | 222,352                         | 211,505                         | 218,551                         | 198,859                         | 219,480                         | 128,352                         | 150,003                         |
| Intangibles  | -                                 | -                               | 7,249                           | 9,061                           | -                               | -                               | -                               | -                               |
| Loans  | 128,976                           | 128,976                         | 657,306                         | 514,472                         | -                               | -                               | 53,674                          | 53,205                          |
| Loan - Gavin Crown   | 109,340                           | 109,340                         | -                               | -                               | -                               | -                               | -                               | -                               |
| Loan - Valkyrie Property Group Pty Ltd   | 422,990                           | 422,990                         | -                               | -                               | -                               | -                               | -                               | -                               |
| Borrowing Costs  | 84                                | 84                              | 84                              | 413                             | -                               | -                               | -                               | -                               |
| Legal Costs  | 13,555                            | 13,555                          | 13,555                          | -                               | -                               | -                               | -                               | -                               |
| Trademarks   | 400                               | 400                             | 400                             | -                               | -                               | -                               | -                               | -                               |
| <b>Total Non-Current Assets</b>  | <b>897,697</b>                    | <b>897,697</b>                  | <b>890,099</b>                  | <b>742,497</b>                  | <b>198,859</b>                  | <b>219,480</b>                  | <b>182,025</b>                  | <b>203,208</b>                  |
| <b>TOTAL ASSETS</b>  | <b>2,559,256</b>                  | <b>2,497,525</b>                | <b>2,329,937</b>                | <b>2,250,704</b>                | <b>2,536,970</b>                | <b>2,139,751</b>                | <b>1,473,243</b>                | <b>771,367</b>                  |
| <b>LIABILITIES</b>   |                                   |                                 |                                 |                                 |                                 |                                 |                                 |                                 |
| <b>Current Liabilities</b>   |                                   |                                 |                                 |                                 |                                 |                                 |                                 |                                 |
| ATO Payables   | 25,953                            | 5,784                           | 119,792                         | (1,711)                         | 354,136                         | 182,519                         | 263,819                         | 75,496                          |
| Accounts Payables  | 542,494                           | 516,244                         | 404,662                         | 593,591                         | 282,985                         | 108,523                         | 29,889                          | 1,835                           |
| Credit Cards   | 10,765                            | 10,765                          | 2,157                           | 16,176                          | 78,736                          | 74,426                          | 109,290                         | 10,812                          |
| Loan - Rubicon Projects Pty Ltd  | -                                 | -                               | -                               | -                               | 38,592                          | 50,000                          | -                               | -                               |
| Loan - Gavin Crown   | -                                 | -                               | -                               | -                               | 25,399                          | 16,500                          | -                               | -                               |
| Loan - Lynn Crown  | -                                 | -                               | -                               | -                               | 70,000                          | -                               | -                               | -                               |
| Superannuation Payable   | 9,949                             | 11,349                          | 6,236                           | 5,335                           | 8,645                           | 6,631                           | 2,940                           | 2,513                           |
| Other Creditors  | (20)                              | (1)                             | (1,314)                         | -                               | 6,999                           | 7,653                           | 3                               | 4,783                           |
| <b>Total Current Liabilities</b>   | <b>589,140</b>                    | <b>544,140</b>                  | <b>531,533</b>                  | <b>613,391</b>                  | <b>865,491</b>                  | <b>446,252</b>                  | <b>405,941</b>                  | <b>95,440</b>                   |
| <b>Non-Current Liabilities</b>   |                                   |                                 |                                 |                                 |                                 |                                 |                                 |                                 |
| Loan - ASG Loan Account  | 216,004                           | 177,521                         | -                               | -                               | -                               | -                               | -                               | -                               |
| Loan - Director's Loan (Andy)  | 131,012                           | 118,156                         | -                               | -                               | -                               | -                               | -                               | -                               |
| Loan - Shareholder   | -                                 | -                               | -                               | -                               | 1,965                           | 5,190                           | 551                             | 1,013                           |
| Chattel Mortgages  | 10,511                            | 15,894                          | 44,890                          | 69,968                          | 100,908                         | 133,396                         | 61,208                          | 74,603                          |
| <b>Total Non-Current Liabilities</b>   | <b>357,527</b>                    | <b>311,572</b>                  | <b>44,890</b>                   | <b>69,968</b>                   | <b>102,873</b>                  | <b>138,586</b>                  | <b>61,760</b>                   | <b>75,616</b>                   |
| <b>TOTAL LIABILITIES</b>   | <b>946,667</b>                    | <b>855,711</b>                  | <b>576,423</b>                  | <b>683,359</b>                  | <b>968,365</b>                  | <b>584,838</b>                  | <b>467,700</b>                  | <b>171,056</b>                  |
| <b>NET ASSETS</b>  | <b>1,612,589</b>                  | <b>1,641,814</b>                | <b>1,753,514</b>                | <b>1,567,345</b>                | <b>1,568,605</b>                | <b>1,554,913</b>                | <b>1,005,543</b>                | <b>600,311</b>                  |
| <b>EQUITY</b>  |                                   |                                 |                                 |                                 |                                 |                                 |                                 |                                 |
| Retained Earnings  | 1,612,579                         | 1,641,804                       | 1,753,503                       | 1,567,336                       | 1,568,596                       | 1,554,903                       | 1,005,534                       | 600,301                         |
| Share Capital  | 10                                | 10                              | 10                              | 10                              | 10                              | 10                              | 10                              | 10                              |
| <b>TOTAL EQUITY</b>  | <b>1,612,589</b>                  | <b>1,641,814</b>                | <b>1,753,513</b>                | <b>1,567,346</b>                | <b>1,568,606</b>                | <b>1,554,913</b>                | <b>1,005,544</b>                | <b>600,311</b>                  |



**Aussie Strength Global Pty Ltd (Administrators Appointed)**

ACN 646 609 501

**Comparative Balance Sheets**

**For the Financial Years Ended 30 Jun 2022 and Part-Year Ended 13 September 2022**

|                                  | Period Ended<br>13-Sep-22<br>(\$) | Year Ended<br>30-Jun-22<br>(\$) |
|----------------------------------|-----------------------------------|---------------------------------|
| <b>ASSETS</b>                    |                                   |                                 |
| <b>Current Assets</b>            |                                   |                                 |
| Cash at bank                     | 13,525                            | 163,669                         |
| Other Asset                      | 11,980                            | -                               |
| Stock on Hand                    | 665,432                           | 665,432                         |
| <b>Total Current Assets</b>      | <b>690,937</b>                    | <b>829,101</b>                  |
| <b>Non-Current Assets</b>        |                                   |                                 |
| Property, Plant and Equipment    | 16,746                            | 11,996                          |
| Loan Aussie Strength             | 224,784                           | 177,521                         |
| Loans to Directors               | 70,281                            | 9,483                           |
| <b>Total Non-Current Assets</b>  | <b>311,811</b>                    | <b>199,000</b>                  |
| <b>TOTAL ASSETS</b>              | <b>1,002,748</b>                  | <b>1,028,101</b>                |
| <b>LIABILITIES</b>               |                                   |                                 |
| <b>Current Liabilities</b>       |                                   |                                 |
| ATO Payables                     | 20,492                            | 42,970                          |
| Accounts Payable                 | 1,281,026                         | 971,512                         |
| Other Creditors                  | (1)                               | 1                               |
| <b>Total Current Liabilities</b> | <b>1,301,516</b>                  | <b>1,014,483</b>                |
| <b>TOTAL LIABILITIES</b>         | <b>1,301,516</b>                  | <b>1,014,483</b>                |
| <b>NET ASSETS</b>                | <b>(298,768)</b>                  | <b>13,618</b>                   |
| <b>EQUITY</b>                    |                                   |                                 |
| Current Year Earnings            | (312,387)                         | 13,618                          |
| Retained Earnings                | 13,618                            | -                               |
| <b>TOTAL EQUITY</b>              | <b>(298,768)</b>                  | <b>13,618</b>                   |



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**AUSSIE STRENGTH PTY LTD  
(ADMINISTRATORS  
APPOINTED)  
ACN 150 420 625**

**AUSSIE STRENGTH GLOBAL  
PTY LTD  
(ADMINISTRATORS  
APPOINTED)  
ACN 646 609 501**

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**Annexure "5"  
Comparative Financial Statements –  
Profit and Loss Statements**

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**Aussie Strength Pty Ltd (Administrators Appointed)**  
**ACN 150 420 625**  
**Comparative Profit and Loss Statements**  
**For the Financial Years Ended 30 Jun 2016 to 30 Jun 2022 and Part Year Ended 13 Sep 2022**

|  | Part Period<br>13-Sep-22<br>(\$) | Year Ended<br>30-Jun-22<br>(\$) | Year Ended<br>30-Jun-21<br>(\$) | Year Ended<br>30-Jun-20<br>(\$) | Year Ended<br>30-Jun-19<br>(\$) | Year Ended<br>30-Jun-18<br>(\$) | Year Ended<br>30-Jun-17<br>(\$) | Year Ended<br>30-Jun-16<br>(\$) |
|--|----------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| <b>Income</b>                                    |                                  |                                 |                                 |                                 |                                 |                                 |                                 |                                 |
| Trading Income                                   | -                                | 214,147                         | 4,223,989                       | 4,526,009                       | 3,818,392                       | 5,069,853                       | 3,724,863                       | 1,957,662                       |
| Less: Cost of Sales                              | -                                | (101,762)                       | (2,716,596)                     | (2,973,692)                     | (2,210,031)                     | (3,163,658)                     | (2,313,333)                     | (1,293,909)                     |
| <b>Gross Profit</b>                              | <b>-</b>                         | <b>112,385</b>                  | <b>1,507,393</b>                | <b>1,552,317</b>                | <b>1,608,361</b>                | <b>1,906,194</b>                | <b>1,411,530</b>                | <b>663,752</b>                  |
| <b>Other Income</b>                              |                                  |                                 |                                 |                                 |                                 |                                 |                                 |                                 |
| ATO Cash Flow Boost                              | -                                | -                               | 81,154                          | 18,846                          | -                               | -                               | -                               | -                               |
| Finance Commission                               | -                                | -                               | 285                             | 1,337                           | -                               | -                               | -                               | -                               |
| Interest received                                | -                                | 128                             | 1,392                           | (351)                           | 926                             | 780                             | 4,403                           | 19                              |
| Management Fees - AS Global                      | 111,080                          | 558,936                         | -                               | -                               | -                               | -                               | -                               | -                               |
| Management Fees - Rubicon Projects Pty Ltd       | -                                | -                               | -                               | -                               | -                               | 9,091                           | -                               | -                               |
| Management Fees Nightcore                        | -                                | -                               | 60,545                          | 139                             | -                               | 11,455                          | -                               | -                               |
| Rent Received                                    | 105,000                          | 420,000                         | -                               | -                               | -                               | -                               | -                               | -                               |
| Restocking Fee                                   | -                                | -                               | -                               | (6,771)                         | -                               | -                               | -                               | -                               |
| Service & Other Income                           | -                                | -                               | -                               | -                               | 26,003                          | 5,775                           | 2,291                           | 1,128                           |
| Small Business Govt Grants                       | -                                | -                               | -                               | -                               | 9,721                           | -                               | -                               | -                               |
| Sundry Income                                    | -                                | -                               | 904                             | 714                             | -                               | -                               | -                               | -                               |
| <b>Total Other Income</b>                        | <b>216,080</b>                   | <b>979,063</b>                  | <b>144,280</b>                  | <b>13,914</b>                   | <b>36,650</b>                   | <b>27,100</b>                   | <b>6,694</b>                    | <b>1,147</b>                    |
| <b>Total Operating Income</b>                    | <b>216,080</b>                   | <b>1,091,448</b>                | <b>1,651,673</b>                | <b>1,566,231</b>                | <b>1,645,011</b>                | <b>1,933,294</b>                | <b>1,418,224</b>                | <b>664,899</b>                  |
| <b>Expenses</b>                                  |                                  |                                 |                                 |                                 |                                 |                                 |                                 |                                 |
| Accountancy fees                                 | -                                | 5,318                           | 2,000                           | 11,840                          | 4,720                           | 4,920                           | 2,820                           | 5,520                           |
| Administration Fees                              | -                                | 1,110                           | -                               | 35,909                          | -                               | -                               | -                               | -                               |
| Advertising                                      | 1,200                            | 906                             | 42,994                          | 31,855                          | 36,503                          | 92,882                          | 24,211                          | 7,230                           |
| Bad Debt   | -                                | -                               | 1,773                           | 532                             | 10,470                          | 20,008                          | 13,681                          | 60,108                          |
| Bank charges                                     | -                                | 20                              | 30,040                          | -                               | 22,182                          | 26,561                          | 16,036                          | 10,736                          |
| Bookkeeping Services                             | -                                | 7,800                           | 23,040                          | 22,680                          | 19,510                          | 3,030                           | -                               | -                               |
| Borrowing Expenses                               | -                                | -                               | 924                             | 82                              | -                               | -                               | -                               | -                               |
| Cleaning   | -                                | 818                             | 1,004                           | -                               | -                               | -                               | -                               | -                               |
| Client Expenses                                  | -                                | 455                             | 188                             | 1,542                           | -                               | -                               | -                               | -                               |
| Consultancy fees                                 | -                                | 1,710                           | 71,517                          | 29,525                          | 105,428                         | 49,189                          | 93,456                          | 27,905                          |
| Credit Card and Merchant Fees                    | -                                | 2,572                           | -                               | 52,746                          | 31,884                          | 30,334                          | 41,964                          | -                               |
| Debt Collection Costs                            | -                                | -                               | -                               | -                               | -                               | 702                             | -                               | -                               |
| Depreciation                                     | -                                | -                               | 32,478                          | 20,385                          | 20,621                          | 21,798                          | 25,263                          | 25,502                          |
| Donations  | -                                | -                               | -                               | 102                             | 400                             | 502                             | -                               | 130                             |
| Ebury Trade Interest Charges                     | -                                | -                               | 2,017                           | -                               | -                               | -                               | -                               | -                               |
| Electricity & Water                              | -                                | 715                             | 5,907                           | 5,894                           | 8,147                           | 1,419                           | 2,543                           | 1,894                           |
| Equipment Items < ATO Threshold                  | -                                | -                               | 6,347                           | 4,200                           | 19,121                          | 11,782                          | 26,027                          | 14,890                          |
| Filing Fees                                      | -                                | 892                             | 686                             | 2,044                           | 1,764                           | 2,321                           | 1,554                           | 822                             |
| Fines  | -                                | -                               | -                               | 16                              | 9,561                           | 2,450                           | 2,094                           | 1,074                           |
| Foreign Currency Gains and Losses                | 50                               | 285                             | (1,458)                         | 4,313                           | -                               | -                               | -                               | -                               |
| Forklift Expenses                                | -                                | -                               | 10,470                          | 2,746                           | -                               | -                               | -                               | -                               |
| General Expenses                                 | -                                | 522                             | 2,580                           | 16,335                          | 8,545                           | 21,147                          | 11,460                          | 3,241                           |
| Graphic Design                                   | -                                | -                               | 66                              | 283                             | 419                             | 978                             | 401                             | 5,489                           |
| Installation Expense                             | -                                | -                               | -                               | -                               | 45,279                          | 47,791                          | -                               | -                               |
| Insurance  | -                                | 5,968                           | 26,561                          | 15,774                          | 20,032                          | -                               | 9,605                           | 8,982                           |
| Interest paid                                    | -                                | 8,821                           | 8,020                           | 14,068                          | 28,197                          | 6,898                           | 3,774                           | (966)                           |
| Legal costs                                      | 52,500                           | 144,946                         | 69,781                          | 10,213                          | 6,203                           | 8,615                           | 8,565                           | 2,614                           |
| Motor Vehicle Expenses                           | 3,946                            | 7,042                           | 26,218                          | 19,711                          | 24,006                          | 28,865                          | 30,138                          | 29,003                          |
| Office Supplies, Printing and Stationary Expense | -                                | 1,688                           | 6,502                           | 10,023                          | -                               | -                               | -                               | -                               |
| Offshore Admin Expense                           | -                                | -                               | 610                             | 473                             | -                               | -                               | -                               | -                               |
| Outsourcing and Consulting                       | -                                | -                               | 9,618                           | 88,142                          | -                               | -                               | -                               | -                               |
| Packaging & Shipping                             | -                                | 1,808                           | -                               | -                               | 13,275                          | 42,146                          | 3,418                           | 16,423                          |
| Printing and stationary                          | -                                | -                               | -                               | -                               | 6,617                           | 7,784                           | 10,553                          | 1,990                           |
| Rebates  | -                                | -                               | -                               | -                               | 144,732                         | 74,963                          | 26,335                          | 2,988                           |
| Rebate Payment Lift Brands                       | -                                | 33,789                          | 15,116                          | 85,535                          | -                               | -                               | -                               | -                               |
| Rebate Payment World Gym                         | -                                | -                               | (20,995)                        | 39,115                          | -                               | -                               | -                               | -                               |
| Rent and outgoings                               | 81,818                           | 383,650                         | 391,390                         | 390,163                         | 370,400                         | 208,777                         | 71,131                          | 61,460                          |
| Repairs and maintenance                          | -                                | 29,353                          | 12,100                          | 17,789                          | 24,896                          | 37,281                          | 32,537                          | 13,038                          |
| Research and Development                         | -                                | -                               | 1,435                           | 2,397                           | 4,535                           | -                               | 1,218                           | 3,737                           |
| Rubbish Removal                                  | -                                | 662                             | 8,318                           | 6,890                           | 5,091                           | -                               | -                               | -                               |
| Security   | -                                | 50                              | 776                             | 750                             | 800                             | -                               | -                               | -                               |
| Seminars and conferences                         | -                                | -                               | 4,845                           | 227                             | -                               | -                               | -                               | -                               |
| Sponsorships                                     | -                                | -                               | 1,364                           | 5,815                           | 9,486                           | 30,777                          | 13,900                          | 17,932                          |
| Staff amenities                                  | -                                | -                               | 3,006                           | 6,433                           | 12,546                          | 7,595                           | 5,935                           | 5,431                           |
| Staff training and welfare                       | -                                | -                               | 231                             | 1,657                           | 2,916                           | 748                             | 797                             | 1,180                           |
| Subscriptions                                    | -                                | 2,883                           | 31,680                          | 26,564                          | 15,229                          | 10,681                          | 5,270                           | 5,140                           |
| Superannuation contributions                     | 9,949                            | 49,742                          | 44,417                          | 38,231                          | 37,522                          | 25,069                          | 17,693                          | 21,915                          |
| Telephone and broadband                          | -                                | 545                             | 14,406                          | 14,520                          | 9,105                           | 11,835                          | 7,073                           | 5,595                           |
| Travelling expenses (International)              | -                                | -                               | -                               | -                               | 3,788                           | 5,248                           | 5,055                           | 5,754                           |
| Travelling expenses (National)                   | -                                | (84)                            | -                               | -                               | 7,373                           | 44,875                          | 8,699                           | 9,272                           |
| Travelling and Accomodation                      | -                                | -                               | 6,053                           | 31,809                          | -                               | -                               | -                               | -                               |
| Wages  | 95,841                           | 509,179                         | 514,567                         | 395,741                         | 415,215                         | 270,847                         | 149,441                         | 125,874                         |
| Warranty Provisions                              | -                                | -                               | -                               | -                               | -                               | -                               | -                               | 1,095                           |
| Website Expenses                                 | -                                | 1,693                           | 20,859                          | 35,495                          | 18,677                          | 12,398                          | 11,885                          | 11,770                          |
| <b>Total Expenses</b>                            | <b>245,304</b>                   | <b>1,204,858</b>                | <b>1,429,451</b>                | <b>1,500,564</b>                | <b>1,525,193</b>                | <b>1,173,215</b>                | <b>684,532</b>                  | <b>514,766</b>                  |
| Profit / (Loss) Before Income Tax                | (29,225)                         | (113,410)                       | 222,222                         | 65,667                          | 119,818                         | 760,079                         | 733,692                         | 150,133                         |
| Income Tax Expense                               | -                                | -                               | (31,296)                        | (66,926)                        | (36,125)                        | (210,711)                       | (202,459)                       | (41,572)                        |
| <b>Profit / (Loss) After Income Tax</b>          | <b>(29,225)</b>                  | <b>(113,410)</b>                | <b>190,926</b>                  | <b>(1,259)</b>                  | <b>83,693</b>                   | <b>549,368</b>                  | <b>531,233</b>                  | <b>108,561</b>                  |
| Dividend Paid                                    | -                                | -                               | (4,761)                         | -                               | (70,000)                        | -                               | (126,000)                       | (55,500)                        |
| <b>Net Profit / (Loss) After Dividends Paid</b>  | <b>(29,225)</b>                  | <b>(113,410)</b>                | <b>186,165</b>                  | <b>(1,259)</b>                  | <b>13,693</b>                   | <b>549,368</b>                  | <b>405,233</b>                  | <b>53,061</b>                   |

**Aussie Strength Global Pty Ltd (Administrators Appointed)**  
**ACN 646 609 501**  
**Comparative Profit and Loss Statements**  
**For the Financial Years Ended 2022 and Part Year Ended 13 Sep 2022**

|  | Part Period<br>13-Sep-22<br>(\$) | Year Ended<br>30-Jun-22<br>(\$) |
|--|----------------------------------|---------------------------------|
| <b>Income</b>                                    |                                  |                                 |
| Trading Income                                   | 414,010                          | 3,411,263                       |
| Less: Cost of Sales                              | (432,978)                        | (2,087,848)                     |
| <b>Gross Profit</b>                              | <b>(18,968)</b>                  | <b>1,323,415</b>                |
| <b>Other Income</b>                              |                                  |                                 |
| Interest Income                                  | 269                              | -                               |
| <b>Total Other Income</b>                        | <b>269</b>                       | <b>-</b>                        |
| <b>Total Operating Income</b>                    | <b>(18,699)</b>                  | <b>1,323,415</b>                |
| <b>Expenses</b>                                  |                                  |                                 |
| Accountancy fees                                 | 4,000                            | 10,136                          |
| Advertising                                      | 1,645                            | 18,044                          |
| Bank charges                                     | 14                               | 7                               |
| Bookkeeping Services                             | 5,850                            | 15,850                          |
| Computer Expenses                                | -                                | 329                             |
| Consultancy fees                                 | 9,200                            | 36,651                          |
| Credit Card and Merchant Fees                    | 1,157                            | 1,956                           |
| Electricity & Gas                                | -                                | 6,756                           |
| Entertainment                                    | -                                | 1,143                           |
| Filing Fees                                      | 620                              | 70                              |
| Forklift Expenses                                | 106                              | 1,017                           |
| Hire of Plant & Equipment                        | -                                | 2,764                           |
| Insurance  | 5,608                            | 11,738                          |
| Interest paid                                    | -                                | 1,147                           |
| Internet   | 278                              | 1,380                           |
| Laser Cutting / Powder Coating                   | 905                              | 6,400                           |
| Management Fees - Aussie Strength                | 111,080                          | 558,936                         |
| Motor Vehicle Expenses                           | 3,299                            | 5,192                           |
| Office Supplies, Printing and Stationary Expense | 944                              | 5,516                           |
| Packaging & Shipping                             | 2,555                            | 55,087                          |
| Printing and stationery                          | 736                              | 9,337                           |
| Rent and outgoings                               | 105,000                          | 420,000                         |
| Repairs and maintenance                          | (157)                            | 21,959                          |
| Rubbish Removal                                  | 1,446                            | 8,941                           |
| Security   | 150                              | 781                             |
| Software   | 6,778                            | 11,236                          |
| Sponsorships                                     | -                                | 300                             |
| Staff amenities                                  | 264                              | 3                               |
| Storage  | -                                | 3,640                           |
| Subcontractors                                   | -                                | 36,599                          |
| Subscriptions                                    | 8,317                            | 40,166                          |
| Telephone and broadband                          | 3,956                            | 5,521                           |
| Training & Conferences                           | 289                              | -                               |
| Travelling expenses (National)                   | 191                              | 7,552                           |
| Uniforms   | -                                | 345                             |
| Website Expenses                                 | 19,290                           | 3,295                           |
| Workers Compensation                             | 167                              | -                               |
| <b>Total Expenses</b>                            | <b>293,688</b>                   | <b>1,309,797</b>                |
| Profit / (Loss) Before Income Tax                | (312,387)                        | 13,618                          |
| Income Tax Expense                               | -                                | -                               |
| <b>Profit / (Loss) After Income Tax</b>          | <b>(312,387)</b>                 | <b>13,618</b>                   |
| Dividend Paid                                    | -                                | -                               |
| <b>Net Profit / (Loss) After Dividends Paid</b>  | <b>(312,387)</b>                 | <b>13,618</b>                   |

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

**BRI Ferrier**

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**AUSSIE STRENGTH PTY LTD  
(ADMINISTRATORS  
APPOINTED)  
ACN 150 420 625**

**AUSSIE STRENGTH GLOBAL  
PTY LTD  
(ADMINISTRATORS  
APPOINTED)  
ACN 646 609 501**

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**Annexure "6"  
Deficiency Statements**

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| Aussie Strength Pty Ltd (Administrators Appointed) |   |                                       |  |                    |                |
|--|---|---------------------------------------|--|--------------------|----------------|
| A.C.N. 150 420 625                                 |   |                                       |  |                    |                |
|  | Book Value<br>as at<br>13/09/2022<br>(\$) | Director's ERV<br>(per ROCAP)<br>(\$) | Administrators'<br>ERV as at<br>13/09/2022<br>(\$) | Deficiency<br>(\$) |                |
| <b>Assets</b>                                      |   |                                       |  |                    |                |
| Cash and Cash Equivalents                          | 7,667                                     |                                       | 21,377   |                    |                |
| Accounts Receivable                                | 1,182,751                                 |                                       | 45,007   |                    |                |
| Stock  | 471,142                                   |                                       | -  |                    |                |
| Plant and Equipment                                | 222,352                                   |                                       | 67,240   |                    |                |
| Related Party Loans                                |   |                                       |  |                    |                |
| Gavin Crown  | 109,340                                   |                                       | -  |                    |                |
| Valkyrie Property Group                            | 422,990                                   |                                       | -  |                    |                |
| Andy Taylor  | 128,976                                   |                                       | -  |                    |                |
| Other Assets                                       | 14,039                                    |                                       | -  |                    |                |
| <b>Total Assets</b>                                | <b>2,559,256</b>                          |                                       | <b>133,624</b>                                     |                    |                |
| <b>Liabilities</b>                                 |   |                                       |  |                    |                |
| Priority Creditors                                 | 9,949                                     | <b>ROCAP NOT<br/>PROVIDED</b>         | 26,709   |                    |                |
| Partly Secured Creditors                           | 10,511                                    |                                       | 6,500  |                    |                |
| Unsecured Creditors:                               |   |                                       |  |                    |                |
| Trade Creditors                                    | 518,238                                   |                                       | 117,361  |                    |                |
| Australian Taxation Office                         | 29,135                                    |                                       | 309,714  |                    |                |
| Landlord   | -   |                                       | -  |                    |                |
| Other Creditors                                    | -   |                                       | -  |                    |                |
| Related Party Creditors                            |   |                                       |  |                    |                |
| Andy Taylor  | 131,012                                   |                                       | 77,565   |                    |                |
| Aussie Strength Global                             | 216,004                                   |                                       | -  |                    |                |
| <b>Total Liabilities</b>                           | <b>914,849</b>                            |                                       |  | <b>537,849</b>     |                |
| <b>Estimated Net Asset / (Deficiency)</b>          | <b>1,644,407</b>                          |                                       |  | <b>(404,225)</b>   | <b>404,225</b> |

| Aussie Strength Pty Ltd (Administrators Appointed)                   |   |  |  |                  |
|--|---|--|--|------------------|
| A.C.N. 150 420 625   |   |  |  |                  |
| Deficiency Statement   |   |  |  |                  |
|  |   |  | Amount (\$)                                | Amount (\$)      |
| <b>Deficiency of Assets to Liabilities</b>                           |   |  |  | 404,225          |
| <b>Add:</b>  | Loss of Share Capital                               |  | 10   |                  |
| <b>Estimated Total Deficiency of Assets to meet Liabilities</b>      |   |  |  | <b>404,235</b>   |
| These losses are represented by:                                     |   |  |  |                  |
| <b>a) Retained Earnings</b>  |   |  |  |                  |
|  | Retained Earnings as at 30 June 2022                |  | (1,640,093)                                |                  |
|  | Income Tax Expense                                  |  | (1,711)                                    |                  |
|  | Current Year Earnings as at 13 September 2022       |  | (2,593)                                    | (1,644,397)      |
| <b>b) Estimated Loss on Realisation of Assets</b>                    |   |  |  |                  |
|  | <b>Book Value<br/>as at<br/>13/09/2022<br/>(\$)</b> | <b>Administrators'<br/>ERV as at<br/>13/09/2022<br/>(\$)</b> | <b>Loss on<br/>Realisation<br/>(\$)</b>    |                  |
| <b>Asset</b>   |   |  |  |                  |
| Cash and Cash Equivalents  | 7,667   | 21,377   | (13,710)                                   |                  |
| Accounts Receivable  | 1,182,751   | 45,007   | 1,137,744                                  |                  |
| Stock  | 471,142   | -  | 471,142                                    |                  |
| Plant and Equipment  | 222,352   | 67,240   | 155,112                                    |                  |
| Related Party Loans  |   |  |  |                  |
| Gavin Crown  | 109,340   | -  | 109,340                                    |                  |
| Valkyrie Property Group  | 422,990   | -  | 422,990                                    |                  |
| Andy Taylor  | 128,976   | -  | 128,976                                    |                  |
| Other Assets   | 14,039  | -  | 14,039                                     |                  |
| <b>Total</b>   | <b>2,559,256</b>                                    | <b>133,624</b>   | <b>2,425,632</b>                           | <b>2,425,632</b> |
| <b>c) Increase in Creditor Claims not disclosed in Balance Sheet</b> |   |  |  |                  |
|  | <b>Book Value<br/>as at<br/>13/09/2022<br/>(\$)</b> | <b>Administrators'<br/>ERV as at<br/>13/09/2022<br/>(\$)</b> | <b>Unreported<br/>Liabilities<br/>(\$)</b> |                  |
| <b>Liabilities</b>   |   |  |  |                  |
| Priority Creditors   | 9,949   | 26,709   | 16,760                                     |                  |
| Partly Secured Creditors   | 10,511  | 6,500  | (4,011)                                    |                  |
| Unsecured Creditors:   |   |  |  |                  |
| Trade Creditors  | 518,238   | 117,361  | (400,877)                                  |                  |
| Australian Taxation Office   | 29,135  | 309,714  | 280,579                                    |                  |
| Landlord   | -   | -  | -  |                  |
| Other Creditors  | -   | -  | -  |                  |
| Related Party Creditors  |   |  |  |                  |
| Andy Taylor  | 131,012   | 77,565   | (53,447)                                   |                  |
| Aussie Strength Global   | 216,004   | -  | (216,004)                                  |                  |
| <b>Total</b>   | <b>914,849</b>                                      | <b>537,849</b>   | <b>(377,000)</b>                           | <b>(377,000)</b> |
| <b>Deficiency as Above</b>   |   |  |  | <b>404,235</b>   |

| Aussie Strength Global Pty Ltd (Administrators Appointed) |   |                                       |  |                    |  |
|---|---|---------------------------------------|--|--------------------|--|
| A.C.N. 646 609 501  |   |                                       |  |                    |  |
|   | Book Value<br>as at<br>13/09/2022<br>(\$) | Director's ERV<br>(per ROCAP)<br>(\$) | Administrators'<br>ERV as at<br>13/09/2022<br>(\$) | Deficiency<br>(\$) |  |
| <b>Assets</b>   |   |                                       |  |                    |  |
| Cash and Cash Equivalents                                 | 25,505                                    | <b>ROCAP NOT<br/>PROVIDED</b>         | 50,667   |                    |  |
| Stock   | 665,432                                   |                                       | 1,000,000  |                    |  |
| Plant and Equipment                                       | 16,746                                    |                                       | -  |                    |  |
| Related Party Loans                                       |   |                                       |  |                    |  |
| Aussie Strength   | 224,784                                   |                                       | -  |                    |  |
| Andy Taylor   | 70,281                                    |                                       | -  |                    |  |
| <b>Total Assets</b>                                       | <b>1,002,748</b>                          |                                       |  | <b>1,050,667</b>   |  |
| <b>Liabilities</b>  |   |                                       |  |                    |  |
| Unsecured Creditors:                                      |   |                                       |  |                    |  |
| Trade Creditors   | 164,874                                   |                                       |  | 194,941            |  |
| Australian Taxation Office                                | 20,492                                    |                                       | 20,492   |                    |  |
| Customer Deposits   | -   |                                       | 865,086  |                    |  |
| Other Creditors (Contingent)                              | -   |                                       | 250,000  |                    |  |
| Related Party Creditors                                   |   |                                       |  |                    |  |
| Aussie Strength   | 1,116,151                                 |                                       | 1,011,687  |                    |  |
| <b>Total Liabilities</b>                                  | <b>1,301,516</b>                          |                                       | <b>2,342,206</b>                                   |                    |  |
| <b>Estimated Net Asset / (Deficiency)</b>                 | <b>(298,768)</b>                          |                                       | <b>(1,291,539)</b>                                 | <b>1,291,539</b>   |  |

| Aussie Strength Global Pty Ltd (Administrators Appointed)            |   |  |                                   |                  |
|--|---|--|-----------------------------------|------------------|
| A.C.N. 646 609 501   |   |  |                                   |                  |
| Deficiency Statement   |   |  |                                   |                  |
|  |   |  | Amount (\$)                       | Amount (\$)      |
| <b>Deficiency of Assets to Liabilities</b>                           |   |  |                                   | 1,291,539        |
| <b>Add: Loss of Share Capital</b>                                    |   |  | -                                 |                  |
| <b>Estimated Total Deficiency of Assets to meet Liabilities</b>      |   |  |                                   | <b>1,291,539</b> |
| These losses are represented by:                                     |   |  |                                   |                  |
| <b>a) Retained Earnings</b>  |   |  |                                   |                  |
| Retained Earnings as at 30 June 2022                                 |   |  | (13,618)                          |                  |
| Current Year Loss as at 13 September 2022                            |   |  | 312,387                           | 298,768          |
| <b>b) Estimated Loss on Realisation of Assets</b>                    |   |  |                                   |                  |
|  | Book Value<br>as at<br>13/09/2022<br>(\$) | Administrators'<br>ERV as at<br>13/09/2022<br>(\$) | Loss on<br>Realisation<br>(\$)    |                  |
| <b>Asset</b>   |   |  |                                   |                  |
| Cash and Cash Equivalents  | 25,505                                    | 50,667   | (25,162)                          |                  |
| Stock  | 665,432                                   | 1,000,000  | (334,568)                         |                  |
| Plant and Equipment  | 16,746                                    | -  | 16,746                            |                  |
| Related Party Loans  |   |  |                                   |                  |
| Aussie Strength  | 224,784                                   | -  | 224,784                           |                  |
| Andy Taylor  | 70,281                                    | -  | 70,281                            |                  |
| <b>Total</b>   | <b>1,002,748</b>                          | <b>1,050,667</b>                                   | <b>(47,919)</b>                   | <b>(47,919)</b>  |
| <b>c) Increase in Creditor Claims not disclosed in Balance Sheet</b> |   |  |                                   |                  |
|  | Book Value<br>as at<br>13/09/2022<br>(\$) | Administrators'<br>ERV as at<br>13/09/2022<br>(\$) | Unreported<br>Liabilities<br>(\$) |                  |
| <b>Liabilities</b>   |   |  |                                   |                  |
| Unsecured Creditors:   |   |  |                                   |                  |
| Trade Creditors  | 164,874                                   | 194,941  | 30,067                            |                  |
| Australian Taxation Office   | 20,492                                    | 20,492   | -                                 |                  |
| Customer Deposits  | -   | 865,086  | 865,086                           |                  |
| Other Creditors (Contingent)   | -   | 250,000  | 250,000                           |                  |
| Related Party Creditors  |   |  |                                   |                  |
| Aussie Strength  | 1,116,151                                 | 1,011,687  | (104,464)                         |                  |
| <b>Total</b>   | <b>1,301,516</b>                          | <b>2,342,206</b>                                   | <b>1,040,690</b>                  | <b>1,040,690</b> |
| <b>Deficiency as Above</b>   |   |  |                                   | <b>1,291,539</b> |

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

**BRI Ferrier**

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**AUSSIE STRENGTH PTY LTD  
(ADMINISTRATORS  
APPOINTED)  
ACN 150 420 625**

**AUSSIE STRENGTH GLOBAL  
PTY LTD  
(ADMINISTRATORS  
APPOINTED)  
ACN 646 609 501**

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**Annexure "7"  
Estimated Statement of Position**

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**Aussie Strength Pty Ltd (Administrators Appointed)**  
**Estimated Statement of Position**

|  | Book Value                         |                     |                    |
|--|------------------------------------|---------------------|--------------------|
|  | as at<br>13/09/2022<br>Amount (\$) | High<br>Amount (\$) | Low<br>Amount (\$) |
| <b>Assets</b>                                      |                                    |                     |                    |
| <b>Cash and Cash Equivalents</b>                   |                                    |                     |                    |
| ASE Saving (commbank)                              | 59                                 | -                   | -                  |
| PAYPAL   | 5,635                              | -                   | -                  |
| Stripe AUD   | 194                                | -                   | -                  |
| Tyro EFTPOS  | 9                                  | -                   | -                  |
| ASE Daily (commbank)                               | (13)                               | 200                 | 200                |
| Cash at Bank                                       | -                                  | 21,177              | 21,177             |
| Cash on Hand                                       | 10                                 | -                   | -                  |
| Accounts Receivable                                | 966,746                            | 513,083             | 45,007             |
| Petty Cash   | 1,772                              | -                   | -                  |
| Stock on Hand                                      | 464,418                            | -                   | -                  |
| Prepaid Stock                                      | 6,724                              | -                   | -                  |
| <b>Property, Plant &amp; Equipment</b>             |                                    |                     |                    |
| Computer Equipment                                 | 7,161                              | -                   | -                  |
| Motor Vehicles                                     | 62,223                             | 26,000              | 22,000             |
| Office Equipment                                   | 12,177                             | 62,450              | 28,740             |
| Plant & Equipment                                  | 133,542                            | 50,300              | 16,500             |
| Website Development Costs                          | 7,249                              | -                   | -                  |
| Less: Return to DeLage                             | (10,511)                           | -                   | (6,500)            |
| <b>Other Assets</b>                                |                                    |                     |                    |
| Loan - Gavin Crown                                 | 109,340                            | 109,340             | -                  |
| Loan - Valkyrie Property Group                     | 247,033                            | 247,033             | -                  |
| 2020 Shareholder's Loan - Andy Taylor              | 24,539                             | -                   | -                  |
| 2021 Shareholder's Loan - Andy Taylor              | 104,437                            | -                   | -                  |
| Borrowing Costs                                    | 84                                 | -                   | -                  |
| Legal Costs  | 13,555                             | -                   | -                  |
| Trademarks   | 400                                | -                   | -                  |
| Liquidators' Recovery - Unfair Preference          | -                                  | -                   | -                  |
| Liquidators' Recovery - Insolvent Trading          | -                                  | -                   | -                  |
| <b>Estimated Fund Available for Creditors</b>      | <b>2,156,784</b>                   | <b>1,029,583</b>    | <b>127,124</b>     |
| <b>Subject to Costs of Administration</b>          |                                    |                     |                    |
| <b>Less: Estimated Costs (Excl. GST)</b>           |                                    |                     |                    |
| <b>Administrators' Trading Costs and Overheads</b> |                                    |                     |                    |
| Trade on wages & entitlements                      | -                                  | (29,971)            | (29,971)           |
| Other entitlements outstanding                     | -                                  | (17,000)            | (17,000)           |
| Rent   | -                                  | -                   | -                  |
| Forklift and Pallet Racking                        | -                                  | (7,000)             | (7,000)            |
| Administrators' Fees                               | -                                  | (150,000)           | (150,000)          |
| Administrators' Expenses                           | -                                  | (3,000)             | (3,000)            |
| Administrators' Legal Costs                        | -                                  | (30,000)            | (30,000)           |
| Liquidators' Fees                                  | -                                  | (150,000)           | (150,000)          |
| Liquidators' Expenses                              | -                                  | (3,000)             | (6,000)            |
| Liquidators' Legal Costs                           | -                                  | (120,000)           | (50,000)           |
| <b>Total Estimated Costs</b>                       | <b>-</b>                           | <b>(509,971)</b>    | <b>(442,971)</b>   |
| <b>Estimated Net Asset Recoveries</b>              | <b>2,156,784</b>                   | <b>519,612</b>      | <b>(315,846)</b>   |
| <b>Funds Available for Priority Creditors</b>      | <b>2,156,784</b>                   | <b>519,612</b>      | <b>(315,846)</b>   |
| <b>Priority Creditors:</b>                         |                                    |                     |                    |
| Wages and Superannuation                           | (9,949)                            | (8,193)             | (8,193)            |
| Annual Leave and Long Service Leave                | -                                  | (16,074)            | (16,074)           |
| PILN and Redundancy                                | -                                  | (2,442)             | (2,442)            |
| <b>Total Priority Claims</b>                       | <b>(9,949)</b>                     | <b>(26,709)</b>     | <b>(26,709)</b>    |
| <b>Funds Available for Unsecured Creditors</b>     | <b>2,146,835</b>                   | <b>492,903</b>      | <b>(342,556)</b>   |
| <b>Unsecured Creditors</b>                         |                                    |                     |                    |
| Partly Secured Creditors (shortfall)               | -                                  | -                   | -                  |
| Trade Creditors - Payables & Others                | (342,282)                          | (117,361)           | (117,361)          |
| Australian Taxation Office                         | (29,134)                           | (309,714)           | (309,714)          |
| Landlord   | -                                  | -                   | -                  |
| Other Creditors                                    | -                                  | -                   | -                  |
| Related Party Creditors                            | (131,012)                          | (77,565)            | (77,565)           |
| <b>Total Unsecured Creditor Claims</b>             | <b>(502,428)</b>                   | <b>(504,639)</b>    | <b>(504,639)</b>   |
| <b>Return to Creditors</b>                         |                                    |                     |                    |
| <b>Secured Creditors</b>                           |                                    |                     |                    |
| <b>Priority Creditors:</b>                         |                                    |                     |                    |
| Wages and Superannuation                           | 100                                | -                   | Nil                |
| Annual Leave and Long Service Leave                | 100                                | -                   | Nil                |
| PILN and Redundancy                                | 100                                | -                   | Nil                |
| <b>Unsecured Creditors</b>                         | <b>97.67</b>                       | -                   | Nil                |

**Aussie Strength Global Pty Ltd (Administrators Appointed)**  
**Estimated Statement of Position**

|  | Book Value<br>as at<br>13/09/2022<br>Amount (\$) | High<br>Amount (\$) | Low<br>Amount (\$) |
|--|--|---------------------|--------------------|
| <b>Assets</b>  |  |                     |                    |
| Cash and Cash Equivalents  |  |                     |                    |
| American Express Platinum CC   | 12,137   | 12,137              | -                  |
| AUD PayPal   | 1,628  | 1,628               | -                  |
| CBA Business Trans Acct - Pre appointment account                      | 12,052   | 12,052              | 12,667             |
| Cash at Bank - Post appointment account - NAB                          | -  |                     | 38,000             |
| Sales  |  |                     |                    |
| Trade on (Defence Contracts)   | -  | -                   | -                  |
| Trade on Sales (excl from stocktake)                                   | -  | -                   | -                  |
| Trade on Sales (included in stocktake)                                 | -  | -                   | -                  |
| Trade on Sale (via Grays)  | -  | -                   | -                  |
| Stock  | 11,980   | 1,500,000           | 1,000,000          |
| <i>less: Stock sold during Trade On</i>                                |  |                     |                    |
| <i>    Allowance for Defence Orders</i>                                |  |                     |                    |
| Net Stock Available for sale   |  |                     |                    |
| Property, Plant & Equipment  |  |                     |                    |
| Office Equipment   | -  | -                   | -                  |
| Plant & Equipment  | 13,871   | -                   | -                  |
| Motor Vehicles   | -  | -                   | -                  |
| Loan Accounts  |  |                     |                    |
| Directors Loan Account   | 70,281   | 70,281              | -                  |
| Related party loan account   | -  | -                   | -                  |
| Liquidators' Recovery - Unreasonable Director Related Transactions     | -  | 100,000             | -                  |
| Liquidators' Recovery - Insolvent Trading & Transfer of Business claim | -  | 1,330,519           | -                  |
| <b>Estimated Fund Available for Creditors</b>                          | <b>121,949</b>                                   | <b>3,026,618</b>    | <b>1,050,667</b>   |
| <b>Subject to Costs of Administration</b>                              |  |                     |                    |
| <b>Less: Estimated Costs (Excl. GST)</b>                               |  |                     |                    |
| Administrators' Trading Costs and Overheads                            |  |                     |                    |
| Management Fee from AS (Wages)   | -  | (31,500)            | (31,500)           |
| Rent   | -  | (24,000)            | (115,500)          |
| Forklift and Pallet Racking  | -  | -                   | -                  |
| Electricity  | -  | (240)               | (240)              |
| Utilities  | -  | (3,000)             | (10,000)           |
| Advertising  | -  | (5,000)             | (5,000)            |
| Freight  | -  | (5,000)             | (5,000)            |
| Consumables  | -  | (600)               | (600)              |
| Insurance & Premium Funding  | -  | (11,080)            | (11,080)           |
| Bookeeper  | -  | (2,500)             | (2,500)            |
| Software Subscription Fees   | -  | (2,460)             | (2,460)            |
| IT Costs   | -  | (3,000)             | (3,000)            |
| Stocktake and Valuers Expenses   | -  | (175,000)           | (150,000)          |
| Locksmith  | -  | (600)               | (600)              |
| Administrators' Fees   | -  | (350,000)           | (270,000)          |
| Administrators' Expenses   | -  | (2,000)             | (2,000)            |
| Administrators' Legal Costs  | -  | (20,000)            | (20,000)           |
| Liquidators' Fees  | -  | (300,000)           | (150,000)          |
| Liquidators' Expenses  | -  | (2,000)             | (4,000)            |
| Liquidators' Legal Costs   | -  | (250,000)           | (150,000)          |
| Litigation Funding Premium   | -  | (572,208)           | -                  |
| <b>Total Estimated Costs</b>   | <b>-</b>   | <b>(1,760,188)</b>  | <b>(933,480)</b>   |
| <b>Estimated Net Asset Recoveries</b>                                  | <b>121,949</b>                                   | <b>1,266,430</b>    | <b>117,187</b>     |
| <b>Funds Available for Priority Creditors</b>                          | <b>121,949</b>                                   | <b>1,266,430</b>    | <b>117,187</b>     |
| Priority Creditors:  |  |                     |                    |
| Wages and Superannuation   | -  | -                   | -                  |
| Annual Leave and Long Service Leave                                    | -  | -                   | -                  |
| PILN and Redundancy  | -  | -                   | -                  |
| <b>Total Priority Claims</b>   | <b>-</b>   | <b>-</b>            | <b>-</b>           |
| <b>Funds Available for Unsecured Creditors</b>                         | <b>121,949</b>                                   | <b>1,266,430</b>    | <b>117,187</b>     |
| Unsecured Creditors  |  |                     |                    |
| Partly Secured Creditors (shortfall)                                   | -  | -                   | -                  |
| Trade Creditors - Payables   | (164,874)  | (194,941)           | (194,941)          |
| Australian Taxation Office - GST                                       | (20,492)   | (20,492)            | (20,492)           |
| Customer Deposits  | -  | (865,086)           | (865,086)          |
| Other Creditors (contingent)   | -  | (250,000)           | (250,000)          |
| Related Party Creditors - AS   | (891,367)  | (891,367)           | (1,011,687)        |
| <b>Total Unsecured Creditor Claims</b>                                 | <b>(1,076,733)</b>                               | <b>(2,221,886)</b>  | <b>(2,342,206)</b> |
| <b>Return to Creditors</b>   |  |                     |                    |
| <b>Secured Creditors</b>   |  |                     |                    |
| <b>Priority Creditors:</b>   |  |                     |                    |
| Wages and Superannuation   | -  | 100                 | 100                |
| Annual Leave and Long Service Leave                                    | -  | 100                 | 100                |
| PILN and Redundancy  | -  | 100                 | 100                |
| <b>Unsecured Creditors</b>   | <b>-</b>   | <b>57</b>           | <b>5</b>           |

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The logo for BRI Ferrier features the company name in white, sans-serif font on a dark grey rectangular background. A green triangle is positioned at the bottom right corner of the grey rectangle.

**BRI Ferrier**

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**AUSSIE STRENGTH PTY LTD  
(ADMINISTRATORS  
APPOINTED)  
ACN 150 420 625**

**AUSSIE STRENGTH GLOBAL  
PTY LTD  
(ADMINISTRATORS  
APPOINTED)  
ACN 646 609 501**

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**Annexure "8"  
ARITA Information Sheet – Offences,  
Recoverable Transactions and  
Insolvent Trading**

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# 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.

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**AUSSIE STRENGTH PTY LTD  
(ADMINISTRATORS  
APPOINTED)  
ACN 150 420 625**

**AUSSIE STRENGTH GLOBAL  
PTY LTD  
(ADMINISTRATORS  
APPOINTED)  
ACN 646 609 501**

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

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## Summarised Receipts & Payments

Aussie Strength Global Pty Ltd

(Administrators Appointed)

Transactions From 13 September 2022 To 13 October 2022

| A/C                                      | Account                  | Net                | GST               | Gross              |
|--|--------------------------|--------------------|-------------------|--------------------|
| 1  | Sales                    | 53,613.10          | 5,361.32          | 58,974.42          |
| 74                                       | Cash at Bank             | 1.57               | 0.00              | 1.57               |
| <b>Total Receipts (inc GST)</b>          |                          | <b>\$53,614.67</b> | <b>\$5,361.32</b> | <b>\$58,975.99</b> |
| 22                                       | Funds Remaining in CBA   | 200.00             | 0.00              | 200.00             |
| 31                                       | Credit Card Merchant Fee | 339.65             | 33.97             | 373.62             |
| 36                                       | Insurance                | 2,056.41           | 0.00              | 2,056.41           |
| 49                                       | Transport / Courier      | 610.00             | 61.00             | 671.00             |
| <b>Total Payments (inc GST)</b>          |                          | <b>\$3,206.06</b>  | <b>\$94.97</b>    | <b>\$3,301.03</b>  |
| <b>Balance in Hand - By Bank Account</b> |                          |                    |                   |                    |
| 212                                      | Cheque Account           |                    |                   | 55,674.96          |
|  |                          |                    |                   | <b>\$55,674.96</b> |

## Summarised Receipts & Payments

Aussie Strength Pty Ltd

(Administrators Appointed)

Transactions From 13 September 2022 To 13 October 2022

| A/C                                      | Account   | Net                | GST            | Gross              |
|--|---|--------------------|----------------|--------------------|
| 74                                       | Cash at Bank                                      | 21,176.92          | 0.00           | 21,176.92          |
| 88                                       | Preappointment Insurance Refund                   | 183.74             | 0.00           | 183.74             |
| <b>Total Receipts (inc GST)</b>          |   | <b>\$21,360.66</b> | <b>\$0.00</b>  | <b>\$21,360.66</b> |
| 51                                       | Wages & Salaries                                  | 28,362.68          | 0.00           | 28,362.68          |
| 57                                       | Staff Reimbursements                              | 157.83             | 15.78          | 173.61             |
| 132                                      | Bank Charges                                      | 3.10               | 0.00           | 3.10               |
| 157                                      | Superannuation                                    | 2,920.75           | 0.00           | 2,920.75           |
| 228                                      | Superannuation Liability                          | (2,920.75)         | 0.00           | (2,920.75)         |
| 234 - 1                                  | Withholding Tax (PAYG) - Total Tax Withheld - OTE | (7,286.00)         | 0.00           | (7,286.00)         |
| <b>Total Payments (inc GST)</b>          |   | <b>\$21,237.61</b> | <b>\$15.78</b> | <b>\$21,253.39</b> |
| <b>Balance in Hand - By Bank Account</b> |   |                    |                |                    |
| 212                                      | Cheque Account                                    |                    |                | <b>107.27</b>      |
|  |   |                    |                | <b>\$107.27</b>    |



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**AUSSIE STRENGTH PTY LTD  
(ADMINISTRATORS  
APPOINTED)  
ACN 150 420 625**

**AUSSIE STRENGTH GLOBAL  
PTY LTD  
(ADMINISTRATORS  
APPOINTED)  
ACN 646 609 501**

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**Annexure "10"  
Remuneration Approval Reports**

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# Remuneration Approval Report

**AUSSIE STRENGTH PTY LTD**  
**ACN 150 420 625**

**AUSSIE STRENGTH GLOBAL PTY LTD**  
**ACN 646 609 501**

**(BOTH ADMINISTRATORS APPOINTED)**  
**("THE COMPANIES")**

13 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  
Phone (02) 8263 2300  
Facsimile (02) 8263 2399  
Email: [info@brifnsw.com.au](mailto:info@brifnsw.com.au)  
Website: [www.briferrier.com.au](http://www.briferrier.com.au)

**BRI Ferrier**

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## 1 EXECUTIVE SUMMARY

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

| Aussie Strength Pty Ltd       | Remuneration (excl. GST)<br>(\$) | Disbursements (excl. GST)<br>(\$) |
|-------------------------------|----------------------------------|-----------------------------------|
| Voluntary Administration (VA) | 150,118.00                       | 1,000.00                          |
| If Company is liquidated      | 150,000.00                       | 1,000.00                          |

| Aussie Strength Global Pty Ltd | Remuneration (excl. GST)<br>(\$) | Disbursements (excl. GST)<br>(\$) |
|--------------------------------|----------------------------------|-----------------------------------|
| Voluntary Administration (VA)  | 270,940.50                       | 3,000.00                          |
| If Company is liquidated       | 200,000.00                       | 3,000.00                          |

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 concurrent meeting on Thursday, 20 October 2022.

We estimate the total cost of the Voluntary Administration for Aussie Strength Pty Ltd will be \$150,118.00 (excl. GST). This has increased from our previous estimate in the Initial Remuneration Notice because of the following reasons:

- Likely adjournment of the forthcoming meeting, extending the VA period;
- Resignation of staff during our appointment;
- Complex dealings with the landlord in respect of the premises lease;
- Dealing with unexpected issues during trading.

We estimate the total cost of the Voluntary Administration for Aussie Strength Global Pty Ltd will be \$270,940.50 (excl. GST). This has increased from our previous estimate in the Initial Remuneration Notice because of the following reasons:

- Likely adjournment of the forthcoming meeting, extending the VA period;
- Dealing with unexpected issues during trading;
- Dealing with significant volume of enquiries about stock and customer deposits; and
- Gradual selldown of stock.

As indicated above, there may also be remuneration payable for subsequent appointments for the Companies.

## 2 DECLARATION

We have undertaken an assessment of this remuneration claim in accordance with law and applicable professional standards. We are satisfied that the remuneration 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:

#### AUSSIE STRENGTH PTY LTD

| For                                 | Period   | Amount<br>\$<br>(excl. GST) | Rates to apply  | When it will be drawn                                   |
|-------------------------------------|--|-----------------------------|---|---|
| Completed Work                      | 13 September 2022 to 10 October 2022           | 74,118.00                   | Provided in our First Report to Creditors dated 15 September 2022 | It will be drawn when funds are available.              |
| Future Work                         | 11 October 2022 to conclusion                  | 76,000.00                   | Provided in our First Report to Creditors dated 15 September 2022 | It will be drawn when funds are available and incurred. |
| VA total                            |  | 150,118.00 (excl. GST)      |   |   |
| If Company liquidated – Future work | 20 October 2022 to finalisation of liquidation | 150,000.00                  | Provided in our First Report to Creditors dated 15 September 2022 | It will be drawn when funds are available.              |
| Liquidation total                   |  | 150,000.00 (excl. GST)      |   |   |

#### AUSSIE STRENGTH GLOBAL PTY LTD

| For            | Period                               | Amount<br>\$<br>(excl. GST) | Rates to apply  | When it will be drawn                                   |
|----------------|--------------------------------------|-----------------------------|---|---|
| Completed Work | 13 September 2022 to 10 October 2022 | 192,940.50                  | Provided in our First Report to Creditors dated 15 September 2022 | It will be drawn when funds are available.              |
| Future Work    | 11 October 2022 to conclusion        | 78,000.00                   | Provided in our First Report to Creditors dated 15 September 2022 | It will be drawn when funds are available and incurred. |
| VA total       |                                      | 270,940.50                  |   |   |

| For                                 | Period   | Amount<br>\$<br>(excl. GST) | Rates to apply  | When it will be drawn                      |
|-------------------------------------|--|-----------------------------|---|--|
| If Company liquidated – Future work | 20 October 2022 to finalisation of liquidation | 200,000.00                  | Provided in our First Report to Creditors dated 15 September 2022 | It will be drawn when funds are available. |
| Liquidation total                   |  | 200,000.00 (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 concurrent meeting are included at Schedule C for your information. These resolutions also appear in the proxy forms for the concurrent meeting provided to you.

We will only seek approval of the resolutions for the respective liquidations if creditors vote to place the Companies 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 15 September 2022.

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

#### AUSSIE STRENGTH PTY LTD

| For  | Period                          | Amount (excl. GST)<br>(\$) |
|--|---------------------------------|----------------------------|
| Disbursements incurred during the VA period  | 13 September 2022 to conclusion | 1,000.00                   |
| <b>VA total (excl. GST)</b>                  |                                 | 1,000.00                   |
| If Company liquidated - Future disbursements | 20 October 2022 to conclusion   | 1,000.00                   |
| <b>Liquidation total (excl.GST)</b>          |                                 | 1,000.00                   |

## AUSSIE STRENGTH GLOBAL PTY LTD

| For  | Period                          | Amount (excl. GST)<br>(\$) |
|--|---------------------------------|----------------------------|
| Disbursements incurred during the VA period  | 13 September 2022 to conclusion | 3,000.00                   |
| <b>VA total (excl. GST)</b>                  |                                 | <b>3,000.00</b>            |
| If Company liquidated - Future disbursements | 20 October 2022 to conclusion   | 3,000.00                   |
| <b>Liquidation total (excl. GST)</b>         |                                 | <b>3,000.00</b>            |

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

## 5 LIKELY IMPACT ON DIVIDENDS

The Corporations Act sets the order for payment of claims against the Companies 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 Companies' 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.

Estimated outcomes for each of the Companies are set out in our report dated 13 October 2022. Any dividend payable to creditors will depend on a range of variables, particularly the decision creditors make on the future of the Companies, 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 respective Liquidations as at 13 October 2022 is at **Annexure 9** to the Second Report to Creditors dated 13 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](http://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

|                            |  |  |  |                         |  |            |
|----------------------------|--|--|--|-------------------------|--|------------|
| <b>Company</b>             | Aussie Strength Pty Ltd (Administrators Appointed) |  | <b>Period From</b>   | 13 September 2022       | <b>To</b>  | Conclusion |
| <b>Practitioner</b>        | Jonathon Keenan & Peter Krejci                     |  | <b>Firm</b>  | BRI Ferrier             |  |            |
| <b>Administration Type</b> | Voluntary Administration                           |  |  |                         |  |            |
|                            |  | <b>Tasks</b>   |  |                         |  |            |
|                            |  | <b>Work completed (excl. GST)</b>  | <b>Future work (excl. GST)</b>   | <b>If wound up</b>      |  |            |
|                            |  |  |  | <b>Liquidation Work</b> |  |            |
| <b>Period</b>              | 13 September 2022 to 10 October 2022               |  | 11 October 2022 to conclusion  |                         | 20 October 2022 to conclusion  |            |
| <b>Amount (excl. GST)</b>  | \$74,118.00  |  | \$76,000.00  |                         | \$150,000.00   |            |
| <b>Task Area</b>           | <b>General Description</b>                         |  |  |                         |  |            |
| <b>Assets</b>              |  | <b>15.2 Hours</b><br><b>\$8,027.00</b>   | <b>\$12,000.00</b>   |                         | <b>\$30,000.00</b>   |            |
|                            | Debtors  | Reviewing related party loan accounts<br>Preparing debtor demand for related party loan accounts | Consider and issue debtor demand for related party loan accounts   |                         | Liaising with solicitors regarding related party loan accounts<br>Pursuing recovery of related party loan accounts<br>Consider commercial settlement, if necessary |            |
|                            | Plant and Equipment                                | Reviewing fixed asset register<br>Attendance on site to inspect plant and equipment              | Liaising with valuers regarding realisation of plant and equipment<br>Internal discussions regarding sale of plant and equipment |                         | Liaising with valuers regarding realisation of plant and equipment<br>Internal discussions regarding sale of plant and equipment                                   |            |

|                  |                                     |  |  |  |
|------------------|-------------------------------------|--|--|--|
|                  |                                     | Correspondence with Director regarding identification and location of plant and equipment<br>Liaising with valuers regarding valuation<br>Reviewing valuation report   | Receipting funds from sale of plant and equipment<br>Correspondence with Director regarding identification and location of plant and equipment   | Receipting funds from sale of plant and equipment<br>Correspondence with Director regarding identification and location of plant and equipment   |
|                  | Sale of business as a Going Concern | Prepare and distribute information memorandum<br>Prepare and distribute confidentiality agreement<br>Liaising with interested parties<br>Internal meetings to discuss sale of business<br>Reviewing and considering offers from potential purchasers | Correspondence with interested parties<br>Internal meetings to discuss sale of business<br>Prepare sale deed, if necessary   | N/A  |
|                  | Other Assets                        | Liaising with customer regarding customised stock<br>Securing cash at bank funds   | N/A  | Tasks associated with realising other assets   |
| <b>Creditors</b> |                                     | <b>53.9 Hours</b><br><b>\$25,889.00</b>  | <b>\$35,000.00</b>   | <b>\$25,000.00</b>   |
|                  | Creditor Enquiries                  | Receive and respond to creditor enquiries<br>Receive and follow up creditor enquiries by telephone<br>Review and prepare correspondence to creditors and their representatives by email and post   | Receive and respond to creditor enquiries<br>Receive and follow up creditor enquiries by telephone<br>Review and prepare correspondence to creditors and their representatives by email and post | Receive and respond to creditor enquiries<br>Receive and follow up creditor enquiries by telephone<br>Review and prepare correspondence to creditors and their representatives by email and post<br>Considering reasonableness of creditor request<br>Compiling information requested by creditors |

|  |                             |  |   |   |
|--|-----------------------------|--|---|---|
|  | 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 and convening Second Meeting of Creditors</p>                 | <p>Preparing and issuing Second Report to Creditors detailing investigations, investigation 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 | <p>Receipting and filing POD when not related to a dividend</p> <p>Maintaining register of Proofs of Debts received</p> <p>Reviewing supporting documentation from creditors</p>   | <p>Receipting, processing, and filing Proofs of Debts when not related to a dividend</p> <p>Maintaining register of Proofs of Debts received</p> <p>Reviewing supporting documentation from creditors</p>   | <p>Receipting, processing, and filing Proofs of Debts when not related to a dividend</p> <p>Maintaining register of Proofs of Debts received</p> <p>Reviewing supporting documentation from creditors</p> |
|  | Secured creditor reporting  | <p>Notifying PPSR registered creditors of appointment</p> <p>Reviewing CBA security documents</p> <p>Providing regular updates to CBA</p>  | <p>Providing regular updates to CBA</p>   | <p>Providing regular updates to CBA</p> <p>Reporting to CBA regarding return from sale proceeds</p>   |
|  | Meeting of Creditors        | <p>Preparation of meeting notices, proxies and advertisements</p> <p>Sending Notice of Meeting to all known creditors</p> <p>Preparation of meeting file, including agenda, attendance register, list of creditors, report to creditors, advertisement of meeting and draft minutes of meeting</p> <p>Holding first meeting of creditors</p> | <p>Preparation of meeting notices, proxies and advertisements</p> <p>Sending Notice of Meeting to all known creditors</p> <p>Preparation of meeting file, including agenda, attendance register, list of creditors, report to creditors, advertisement of meeting and draft minutes of meeting</p> <p>Holding second meeting of creditors</p> | N/A   |

|                      |                          |   |   |   |
|----------------------|--------------------------|---|---|---|
|                      |                          | Preparation and lodgement of minutes of first meeting of creditors with ASIC  | Preparation and lodgement of minutes of meetings with ASIC  |   |
|                      | DOCA Planning            | Liaising with Director and advisors regarding DOCA  | N/A   | N/A   |
|                      | Proposal to Creditors    | N/A   | N/A   | Preparing proposal notices and voting forms<br>Reviewing votes and determining outcome of proposal<br>Preparation and lodgement of proposal outcome with ASIC   |
| <b>Investigation</b> |                          | <b>26.9 Hours<br/>\$12,910.50</b>   | <b>\$10,000.00</b>  | <b>\$50,000.00</b>  |
|                      | Conducting Investigation | Conducting and summarising statutory searches<br>Reviewing Company's books and records<br>Follow up with Director to obtain books and records of the Company<br>Organise backup of electronic books and records<br>Preparation of investigation file<br>Preparation of comparative financial statements<br>Preparation of deficiency statement<br>Preparation of working capital analysis<br>Preparation of solvency analysis<br>Discussion surrounding the potential impacts of the sale of business transaction to ASG<br>Liaising with lawyers regarding the sale of business transaction to ASG | Correspondence with ASIC to receive assistance in obtaining Report on Company Affairs and Property<br>Lodgement of investigation with ASIC<br>Finalise working capital analysis<br>Finalise solvency analysis<br>Finalise investigation file<br>Preparation and lodgement of supplementary report if required | Obtaining and reviewing further Company's books and records<br>Preparation of updated comparative financial statements if necessary<br>Preparation of updated deficiency statement if necessary<br>Review of specific transactions and liaising with Directors regarding certain transactions<br>Updating investigation file<br>Lodgement of investigation with ASIC<br>Preparation and lodgement of supplementary report if required |

|                 |                           |  |  |   |
|-----------------|---------------------------|--|--|---|
|                 | Litigation/<br>Recoveries | Liaising with solicitors regarding recovery of loan account  | N/A  | Conducting investigations into potential claims<br>Consider conducting public examinations<br>Seeking funding to conduct further investigations and public examinations<br>Brief solicitor<br>Commencing recovery actions |
|                 | ASIC Reporting            | N/A  | Preparing statutory investigation reports<br>Liaising with ASIC  | Preparing statutory investigation reports<br>Liaising with ASIC   |
| <b>Trade On</b> |                           | <b>25.0 Hours<br/>\$11,103.00</b>  | <b>\$10,000.00</b>   | <b>\$7,000.00</b>   |
|                 | Trade On Management       | Attendance on site to monitor trading<br>Meeting with management regarding Company background, financial position and trade on management<br>Liaising with management regarding trading position<br>Conducting assessment of Company's financial position<br>Dealing with continued occupation of premises<br>Liaising with staff regarding keys and access codes to premises<br>Discussions with management regarding employee roles and reporting structure<br>Reviewing lease documentation | Dealing with continued occupation of premises<br>Dealing with logistics companies and fulfilment of customer orders<br>Winding down operations of the business<br>Cancellation of services<br>Liaising with trade-on suppliers regarding final bills | Winding down operations of the business<br>Liaising with trade-on suppliers regarding final bills   |

|                  |                                   |   |   |   |
|------------------|-----------------------------------|---|---|---|
|                  |                                   | Correspondence with landlord regarding premises lease and rent abatement<br>Organising security patrol for premises   |   |   |
|                  | Budgeting and Financial Reporting | Preparing projected cash flow<br>Maintaining cash flow analysis for trade-on<br>Internal discussions regarding projected cash flow<br>Correspondence with internal bookkeeper   | Maintaining cash flow analysis  | N/A   |
|                  | Processing Receipts and Payments  | Discussion with employees and staff members to determine accurate wage amounts<br>Preparing internal receipt and payment vouchers<br>Preparing and processing trade-on wages<br>Preparing and processing payments to trade-on suppliers | Preparing internal receipt and payment vouchers<br>Preparing and processing payments to suppliers | N/A   |
| <b>Employees</b> |                                   | <b>13.8 Hours</b><br><b>\$6,838.50</b>  | <b>\$2,000.00</b>   | <b>\$10,000.00</b>  |
|                  | Employees enquiries               | Receive and follow up employee enquiries<br>Review and prepare correspondence to employees by email and post  | Correspondence with employees<br>Any other tasks associated with employees                        | Receive and follow up employee enquiries via telephone<br>Maintain employee enquiry register<br>Review and prepare correspondence to employees and their representatives via email and post |
|                  | FEG                               | N/A   | N/A   | Correspondence with FEG<br>Preparing notification spreadsheet<br>Preparing FEG quotations<br>Completing FEG quotations  |

|                 |                             |  |                                 |   |
|-----------------|-----------------------------|--|---------------------------------|---|
|                 |                             |  |                                 | Completing FEG questionnaires   |
|                 | Calculation of entitlements | Internal correspondence regarding employee entitlements<br>Calculating employee entitlements<br>Reviewing employee files and Company's books and records<br>Reviewing awards<br>Liaising with employees regarding employment contracts | Reviewing employee entitlements | Reviewing employee entitlements<br>Reviewing employee files and Company's books and records<br>Reconciling superannuation accounts<br>Reviewing awards  |
|                 | Other employee issues       | Discussions with specific employees regarding potential continuation of employment<br>Dealing with employee resignations and notice periods<br>Preparing employee termination letters  | N/A                             | Correspondence with Child Support<br>Correspondence with Centrelink   |
| <b>Dividend</b> |                             |  |                                 | <b>\$20,000.00</b>  |
|                 | Processing proofs of debt   | N/A  | N/A                             | Preparation of correspondence to potential creditors inviting lodgement of POD<br>Maintain POD register.<br>Adjudicating PODs<br>Request further information from claimants regarding POD<br>Preparation of correspondence to claimant advising outcome of adjudication |

|                       |                             |   |   |   |
|-----------------------|-----------------------------|---|---|---|
|                       | Dividend Procedures         | N/A   | N/A   | <p>Preparation of correspondence to creditors advising of intention to declare dividend</p> <p>Advertisement of intention to declare dividend</p> <p>Liaising with accountant to prepare outstanding pre-appointment tax lodgements</p> <p>Obtain clearance from ATO to allow distribution of company's assets</p> <p>Preparation of dividend calculation</p> <p>Preparation of distribution</p> <p>Preparation of dividend file</p> <p>Preparation of payment vouchers to pay dividend</p> <p>Preparation of correspondence to creditors enclosing payment of dividend</p> |
| <b>Administration</b> |                             | <b>24.0 Hours<br/>\$9,350.00</b>  | <b>\$7,000.00</b>   | <b>\$8,000.00</b>   |
|                       | ASIC Forms and lodgements   | <p>Preparing and lodging ASIC forms including 505, 205, 531, 507 etc</p> <p>Preparing and lodging ASIC PNW Advert</p> | N/A   | <p>Correspondence with ASIC regarding ASIC assistance</p> <p>Preparing and lodging ASIC forms including 505, 5602/5603, etc</p> <p>Correspondence with ASIC regarding statutory forms</p>   |
|                       | Bank account administration | <p>Preparing correspondence opening bank account</p> <p>Bank account reconciliations</p>                              | <p>Preparing receipt and payment vouchers</p> <p>Bank account reconciliations</p> | <p>Preparing receipt and payment vouchers</p> <p>Bank account reconciliations</p>   |



|  |   |  |  |
|--|---|--|--|
|  |   | Preparing receipt and payment vouchers   |  |
| Books and Records/ Storage                 | N/A   | Prepare storage logistics for books and records<br>Update books and records listing                              | Dealing with records in storage<br>Sending job files to storage  |
| Correspondence                             | Correspondence with various parties<br>Preparation of day one documents                           | Correspondence with various parties  | Correspondence with various parties  |
| Document maintenance/file review/checklist | Preparing and updating job checklists<br>Filing of documents                                      | Updating job checklists<br>Filing of documents<br>Periodic administration review.                                | Filing of documents<br>File reviews<br>Updating checklists   |
| ATO and other statutory reporting          | Notification of appointment   | Preparing BAS  | Notification of appointment<br>Preparing BAS   |
| Insurance                                  | Reviewing insurance policies<br>Correspondence with insurance broker<br>Obtained insurance policy | Tasks related to the maintenance of insurance  | Finalise policy covers<br>Cancel insurance policies  |
| Planning / Review                          | Discussions regarding status of administration  | Discussions regarding status of administration   | Discussions regarding status of administration   |
| Finalisation                               | N/A   | Notifying ATO of finalisation<br>Cancelling ABN/GST/PAYG registration<br>Completing checklists<br>Finalising WIP | Notifying ATO of finalisation<br>Cancelling ABN/GST/PAYG registration<br>Completing checklists<br>Finalising WIP |

|                            |  |  |  |   |            |
|----------------------------|--|--|--|---|------------|
| <b>Company</b>             | Aussie Strength Global Pty Ltd<br>(Administrators Appointed) | <b>Period From</b>   | 13 September 2022  | <b>To</b>   | Conclusion |
| <b>Practitioner</b>        | Jonathon Keenan & Peter Krejci                               | <b>Firm</b>  | BRI Ferrier  |   |            |
| <b>Administration Type</b> | Voluntary Administration                                     |  |  |   |            |
|                            |  | <b>Tasks</b>   |  |   |            |
|                            |  | <b>Work completed (excl. GST)</b>  | <b>Future work (excl. GST)</b>   | <b>If wound up<br/>Liquidation Work</b>   |            |
| <b>Period</b>              | 13 September 2022 to 10 October 2022                         | 11 October 2022 to conclusion  | 20 October 2022 to conclusion  |   |            |
| <b>Amount (excl. GST)</b>  | \$192,987.50   | \$78,000.00  | \$200,000.00   |   |            |
| <b>Task Area</b>           | <b>General Description</b>                                   |  |  |   |            |
| <b>Assets</b>              |  | <b>78.6 Hours<br/>\$43,936.00</b>  | <b>\$30,000.00</b>   | <b>\$30,000.00</b>  |            |
|                            | Stock  | Attendance on site to inspect stock<br>Tasks relating to the identification of onsite stock<br>Liaising with staff regarding stock and stock management system<br>Receive and communicate legal advice regarding stock held<br>Reviewing overseas stock orders<br>Discussion with major customers in relation to branding of stock | Liaising with valuers regarding sale strategy<br>Gradual selldown of stock<br>Liaise with customers regarding potential sale of stock<br>Receive updates from valuers regarding sales<br>Receipts of sale proceeds | Gradual selldown of stock<br>Liaise with customers regarding potential sale of stock<br>Receive updates from valuers regarding sales<br>Receipts of sale proceeds |            |

|  |                                     |  |   |   |
|--|-------------------------------------|--|---|---|
|  |                                     | <p>Correspondence with customers regarding stock disputes</p> <p>Discussions with valuers regarding stock listing</p> <p>Correspondence with interested parties regarding stock availability</p> <p>Liaising with valuers regarding sale strategy</p> <p>Reviewing valuation report</p> <p>Receive updates from valuers regarding sales</p>  |   |   |
|  | Debtors                             | <p>Reviewing related party loan accounts</p> <p>Preparing debtor demand for related party loan accounts</p>  | <p>Consider and issue debtor demand for related party loan accounts</p>   | <p>Liaising with solicitors regarding related party loan accounts</p> <p>Pursuing recovery of related party loan accounts</p> <p>Consider commercial settlement, if necessary</p> |
|  | Sale of Business as a Going Concern | <p>Prepare advert for sale of business</p> <p>Prepare and distribute information memorandum</p> <p>Prepare and distribute confidentiality agreement</p> <p>Correspondence with interested parties</p> <p>Receipt of refundable deposits from interested parties</p> <p>Provide requested documentation for interested parties</p> <p>Prepare and maintain interested parties register</p> <p>Internal meetings to discuss sale of business</p> | <p>Correspondence with interested parties</p> <p>Internal meetings to discuss sale of business</p> <p>Prepare sale deed, if necessary</p> | N/A   |

|                  |                    |   |   |  |
|------------------|--------------------|---|---|--|
|                  |                    | Reviewing and considering offers from potential purchasers  |   |  |
|                  | Other Assets       | Securing cash at bank and Paypal funds<br>Gaining access to money processors systems  | N/A   | Tasks associated with realising other assets   |
| <b>Creditors</b> |                    | <b>80.9 Hours<br/>\$36,912.00</b>   | <b>\$25,000.00</b>  | <b>\$44,000.00</b>   |
|                  | Creditor Enquiries | Receive and respond to creditor enquiries<br>Receive and follow up creditor enquiries by telephone<br>Review and prepare correspondence to creditors and their representatives by email and post  | Receive and respond to creditor enquiries<br>Receive and follow up creditor enquiries by telephone<br>Review and prepare correspondence to creditors and their representatives by email and post  | Receive and respond to creditor enquiries<br>Receive and follow up creditor enquiries by telephone<br>Review and prepare correspondence to creditors and their representatives by email and post<br>Considering reasonableness of creditor request<br>Compiling information requested by creditors |
|                  | Creditor Reports   | Preparing and issuing First Report to Creditors regarding notification of appointment and convening First Meeting of Creditors<br>Preparation of necessary annexures for First Report to Creditors<br>Preparing Second Report to Creditors detailing investigations and convening Second Meeting of Creditors | Preparing and issuing Second Report to Creditors detailing investigations, investigation and convening Second Meeting of Creditors<br>Preparation of necessary Annexures for Second Report to Creditors<br>Preparing and issuing Supplementary Second Report to Creditors to resume Second Meeting of Creditors | Prepare Circular to Creditors regarding Liquidation<br>Prepare Statutory Report to Creditors<br>Preparation of necessary Annexures for Statutory Report to Creditors   |

|  |                             |  |   |   |
|--|-----------------------------|--|---|---|
|  | Dealing with proofs of debt | <p>Receipting and filing POD when not related to a dividend</p> <p>Maintaining register of Proofs of Debts received</p> <p>Reviewing supporting documentation from creditors</p>   | <p>Receipting, processing, and filing Proofs of Debts when not related to a dividend</p> <p>Maintaining register of Proofs of Debts received</p> <p>Reviewing supporting documentation from creditors</p>   | <p>Receipting, processing, and filing Proofs of Debts when not related to a dividend</p> <p>Maintaining register of Proofs of Debts received</p> <p>Reviewing supporting documentation from creditors</p>   |
|  | Meeting of Creditors        | <p>Preparation of meeting notices, proxies and advertisements</p> <p>Sending Notice of Meeting to all known creditors</p> <p>Preparation of meeting file, including agenda, attendance register, list of creditors, report to creditors, advertisement of meeting and draft minutes of meeting</p> <p>Holding first meeting of creditors</p> <p>Preparation and lodgement of minutes of first meeting of creditors with ASIC</p> | <p>Preparation of meeting notices, proxies and advertisements</p> <p>Sending Notice of Meeting to all known creditors</p> <p>Preparation of meeting file, including agenda, attendance register, list of creditors, report to creditors, advertisement of meeting and draft minutes of meeting</p> <p>Holding second meeting of creditors</p> <p>Preparation and lodgement of minutes of meetings with ASIC</p> | <p>Preparation of meeting notices, proxies and advertisements</p> <p>Sending Notice of Meeting to all known creditors</p> <p>Preparation of meeting file, including agenda, attendance register, list of creditors, report to creditors, advertisement of meeting and draft minutes of meeting</p> <p>Holding creditors meeting</p> <p>Preparation and lodgement of minutes of meetings with ASIC</p> |
|  | Secured creditor reporting  | <p>Notifying PPSR registered creditors of appointment</p> <p>Reviewing CBA security documents</p> <p>Providing regular updates to CBA</p>  | <p>Providing regular updates to CBA</p>   | <p>Providing regular updates to CBA</p> <p>Reporting to CBA regarding return from sale proceeds</p>   |
|  | DOCA Planning               | <p>Liaising with Director and advisors regarding DOCA</p>  | N/A   | N/A   |
|  | Proposal to Creditors       | N/A  | N/A   | <p>Preparing proposal notices and voting forms</p> <p>Reviewing votes and determining outcome of proposal</p>   |

|                      |                          |  |  |  |
|----------------------|--------------------------|--|--|--|
|                      |                          |  |  | Preparation and lodgement of proposal outcome with ASIC  |
| <b>Investigation</b> |                          | <b>39.7 Hours<br/>\$19,684.00</b>  | <b>\$10,000.00</b>   | <b>\$80,000.00</b>   |
|                      | 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>Organise backup of electronic books and records</p> <p>Preparation of investigation file</p> <p>Preparation of comparative financial statements</p> <p>Preparation of deficiency statement</p> <p>Preparation of working capital analysis</p> <p>Preparation of solvency analysis</p> | <p>Correspondence with ASIC to receive assistance in obtaining Report on Company Affairs and Property</p> <p>Lodgement of investigation with ASIC</p> <p>Finalise working capital analysis</p> <p>Finalise solvency analysis</p> <p>Finalise investigation file</p> <p>Preparation and lodgement of supplementary report if required</p> | <p>Obtaining and reviewing further 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 Directors regarding certain transactions</p> <p>Updating 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</p> <p>Consider conducting public examinations</p> <p>Seeking funding to conduct further investigations and public examinations</p> <p>Brief solicitor</p> <p>Commencing recovery actions</p>   |
|                      | ASIC Reporting           | N/A  | <p>Preparing statutory investigation reports</p> <p>Liaising with ASIC</p>   | <p>Preparing statutory investigation reports</p> <p>Liaising with ASIC</p>   |
| <b>Trade on</b>      |                          | <b>157.2 Hours<br/>\$72,960.50</b>   | <b>\$8,000.00</b>  | <b>\$5,000.00</b>  |

|  |                                  |  |  |  |
|--|----------------------------------|--|--|--|
|  | Processing Receipts and payments | <p>Preparing internal receipt and payment vouchers</p> <p>Preparing and processing payments to trade-on suppliers</p>  | <p>Preparing internal receipt and payment vouchers</p> <p>Preparing and processing payments to suppliers</p>   | N/A  |
|  | Trade On Management              | <p>Attendance on site to monitor trading</p> <p>Meeting with management regarding Company background, financial position and trade on management</p> <p>Liaising with management regarding trading position</p> <p>Conducting assessment of Company's financial position</p> <p>Correspondence with suppliers regarding continued trading and setup of trade-on accounts</p> <p>Liaising with freight/logistic companies regarding importation of goods</p> <p>Reviewing outstanding pre-appointment orders and sale documentation</p> <p>Reviewing reports from stock management system for continued trading</p> <p>Discussions with staff regarding outstanding pre-appointment orders</p> <p>Discussions with staff regarding overseas stock orders</p> <p>Cost analysis of stock orders on water</p> <p>Dealing with shipping companies regarding stock orders on water</p> | <p>Dealing with continued occupation of premises</p> <p>Dealing with logistics companies and fulfilment of customer orders</p> <p>Completing pre-appointment orders</p> <p>Winding down operations of the business</p> <p>Cancellation of services</p> <p>Liaising with trade-on suppliers regarding final bills</p> | <p>Winding down operations of the business</p> <p>Liaising with trade-on suppliers regarding final bills</p> |

|                 |                                   |  |  |     |
|-----------------|-----------------------------------|--|--|-----|
| <b>Dividend</b> |                                   | <p>Correspondence with customers regarding the fulfilment of pre-appointment orders</p> <p>Reviewing and authorising purchase orders</p> <p>Dealing with continued occupation of premises</p> <p>Organising security patrol for premises</p> <p>Dealing with continued sales and operations of the business</p> <p>Monitoring stock levels for continued trading</p> <p>Preparing and reconciling schedule of post-appointment deposits with outstanding orders</p> <p>Completing pre-appointment orders</p> |  |     |
|                 | Budgeting and Financial Reporting | <p>Preparing projected cash flow</p> <p>Maintaining cash flow analysis for trade-on</p> <p>Internal discussions regarding projected cash flow</p> <p>Internal discussions regarding termination of services for cash flow analysis</p> <p>Preparing cost analysis for various outstanding customer orders</p> <p>Correspondence with internal bookkeeper</p>   | <p>Maintaining cash flow analysis for trade-on</p> <p>Calculation of management fee to AS</p> <p>Correspondence with internal bookkeeper</p> | N/A |
|                 |                                   |  |  |     |



|  |                           |     |     |  |
|--|---------------------------|-----|-----|--|
|  | Processing proofs of debt | N/A | N/A | <ul style="list-style-type: none"> <li>Preparation of correspondence to potential creditors inviting lodgement of POD</li> <li>Maintain POD register.</li> <li>Adjudicating PODs</li> <li>Request further information from claimants regarding POD</li> <li>Preparation of correspondence to claimant advising outcome of adjudication</li> </ul>  |
|  | Dividend Procedures       | N/A | N/A | <ul style="list-style-type: none"> <li>Preparation of correspondence to creditors advising of intention to declare dividend</li> <li>Advertisement of intention to declare dividend</li> <li>Liaising with accountant to prepare outstanding pre-appointment tax lodgements</li> <li>Obtain clearance from ATO to allow distribution of company's assets</li> <li>Preparation of dividend calculation</li> <li>Preparation of distribution</li> <li>Preparation of dividend file</li> <li>Preparation of payment vouchers to pay dividend</li> <li>Preparation of correspondence to creditors enclosing payment of dividend</li> </ul> |

| Administration |  | 44.2 Hours<br>\$19,448.00   | \$5,000.00  | \$11,000.00  |
|----------------|--|---|---|--|
|                | ASIC Forms and lodgements                  | Preparing and lodging ASIC forms including 505, 205, 531, 507 etc<br>Preparing and lodging ASIC PNW Advert              | N/A   | Correspondence with ASIC regarding ASIC assistance<br>Preparing and lodging ASIC forms including 505, 5602/5603, etc<br>Correspondence with ASIC regarding statutory forms |
|                | Bank account administration                | Preparing correspondence opening bank account<br>Bank account reconciliations<br>Preparing receipt and payment vouchers | Preparing receipt and payment vouchers<br>Bank account reconciliations                | Preparing receipt and payment vouchers<br>Bank account reconciliations   |
|                | Books and Records/<br>Storage              | N/A   | Prepare storage logistics for books and records.<br>Update rooks and records listings | Dealing with records in storage<br>Sending job files to storage  |
|                | Correspondence                             | Correspondence with various parties<br>Preparation of day one documents   | Correspondence with various parties   | Correspondence with various parties  |
|                | Document maintenance/file review/checklist | Preparing and updating job checklists<br>Filing of documents  | Updating job checklists<br>Filing of documents<br>Periodic administration review.     | Filing of documents<br>File reviews<br>Updating checklists   |
|                | ATO and other statutory reporting          | Notification of appointment   | Preparing BAS   | Notification of appointment<br>Preparing BAS   |
|                | Planning / Review                          | Discussions regarding status of administration  | Discussions regarding status of administration  | Discussions regarding status of administration   |
|                | Insurance                                  | Reviewing insurance policies<br>Correspondence with insurance broker<br>Obtained insurance policy                       | Tasks related to the maintenance of insurance   | Finalise policy covers<br>Cancel insurance policies  |
|                | Finalisation                               | N/A   | Notifying ATO of finalisation   | Notifying ATO of finalisation  |

|  |  |  |   |   |
|--|--|--|---|---|
|  |  |  | Cancelling ABN/GST/PAYG registration<br>Completing checklists<br>Finalising WIP | Cancelling ABN/GST/PAYG registration<br>Completing checklists<br>Finalising WIP |
|--|--|--|---|---|

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

Aussie Strength Pty Ltd (In Liquidation)  
ACN 150 420 625  
For the period 13 September 2022 to 10 October 2022

| Staff Classification  | Name           | Hourly Rate<br>(\$, ex GST) | Administration |          | Assets |          | Creditors |           | Employees |          | Investigation |           | Trade On |           | Total            |           |
|-----------------------|----------------|-----------------------------|----------------|----------|--------|----------|-----------|-----------|-----------|----------|---------------|-----------|----------|-----------|------------------|-----------|
|                       |                |                             | Hrs            | \$       | Hrs    | \$       | Hrs       | \$        | Hrs       | \$       | Hrs           | \$        | Hrs      | \$        | Hrs              | \$        |
| Appointee             | Andrew Cummins | 680                         | -              | -        | -      | -        | 1.5       | 1,020.00  | -         | -        | -             | -         | 0.3      | 204.00    | 1.8              | 1,224.00  |
| Appointee             | Peter Krejci   | 680                         | 0.8            | 544.00   | 1.4    | 952.00   | 0.6       | 408.00    | -         | -        | -             | -         | 0.6      | 408.00    | 3.4              | 2,312.00  |
| Principal             | John Keenan    | 680                         | 1.6            | 1,088.00 | 2.9    | 1,972.00 | 5.0       | 3,400.00  | 0.50      | 340.00   | 1.5           | 1,020.00  | 4.4      | 2,992.00  | 15.9             | 10,812.00 |
| Senior Manager        | Katherine La   | 545                         | 0.1            | 54.50    | -      | -        | 1.3       | 708.50    | -         | -        | 0.1           | 54.50     | 0.6      | 327.00    | 2.1              | 1,144.50  |
| Senior Manager        | Pauline Yeow   | 545                         | 2.3            | 1,253.50 | 5.0    | 2,725.00 | 19.9      | 10,845.50 | 3.30      | 1,798.50 | 4.6           | 2,507.00  | 3.2      | 1,744.00  | 38.3             | 20,873.50 |
| Assistant Manager     | Jack Li        | 470                         | 4.0            | 1,880.00 | 1.0    | 470.00   | 2.6       | 1,222.00  | 2.00      | 940.00   | 15.4          | 7,238.00  | 3.1      | 1,457.00  | 28.1             | 13,207.00 |
| Assistant Manager     | Savio Monis    | 470                         | 4.2            | 1,974.00 | 3.1    | 1,457.00 | 11.0      | 5,170.00  | 8.00      | 3,760.00 | 3.3           | 1,551.00  | 3.2      | 1,504.00  | 32.8             | 15,416.00 |
| Intermediate 1        | Max Florian    | 270                         | 3.0            | 810.00   | 1.1    | 297.00   | 9.5       | 2,565.00  | -         | -        | 2.0           | 540.00    | 7.1      | 1,917.00  | 22.7             | 6,129.00  |
| Junior Administration | Patrick Mao    | 150                         | 0.2            | 30.00    | -      | -        | -         | -         | -         | -        | -             | -         | -        | -         | 0.2              | 30.00     |
| Senior Administration | Sonia Stelmach | 220                         | 0.6            | 132.00   | -      | -        | -         | -         | -         | -        | -             | -         | -        | -         | 0.6              | 132.00    |
| Senior Administration | Jessica Mula   | 220                         | 6.2            | 1,364.00 | 0.7    | 154.00   | 2.5       | 550.00    | -         | -        | -             | -         | 2.5      | 550.00    | 11.9             | 2,618.00  |
| Senior Administration | Sarita Gurung  | 220                         | 1.0            | 220.00   | -      | -        | -         | -         | -         | -        | -             | -         | -        | -         | 1.0              | 220.00    |
| Total                 |                |                             | 24.0           | 9,350.00 | 15.2   | 8,027.00 | 53.9      | 25,889.00 | 13.8      | 6,838.50 | 26.9          | 12,910.50 | 25.0     | 11,103.00 | 158.8            | 74,118.00 |
|                       |                |                             |                |          |        |          |           |           |           |          |               |           |          |           | GST              | 7,411.80  |
|                       |                |                             |                |          |        |          |           |           |           |          |               |           |          |           | Total (incl GST) | 81,529.80 |
| Average Hourly Rate   |                |                             |                | 389.58   |        | 528.09   |           | 480.32    |           | 495.54   |               | 479.94    |          | 444.12    |                  | 466.74    |

**Aussie Strength Global Pty Ltd (In Liquidation)**  
**ACN 646 609 501**  
**For the period 13 September 2022 to 10 October 2022**

| Staff Classification       | Name           | Hourly Rate<br>(\$, ex GST) | Administration |                  | Assets        |                  | Creditors     |                  | Investigation |                  | Trade On      |                  | Total                   |                   |
|----------------------------|----------------|-----------------------------|----------------|------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|------------------|-------------------------|-------------------|
|                            |                |                             | Hrs            | \$               | Hrs           | \$               | Hrs           | \$               | Hrs           | \$               | Hrs           | \$               | Hrs                     | \$                |
| Appointee                  | Andrew Cummins | 680                         | 1.2            | 816.00           | -             | -                | 1.5           | 1,020.00         | -             | -                | 1.5           | 1,020.00         | 4.2                     | 2,856.00          |
| Appointee                  | Peter Krejci   | 680                         | 1.5            | 1,020.00         | 2.6           | 1,768.00         | -             | -                | 1.1           | 748.00           | 0.7           | 476.00           | 5.9                     | 4,012.00          |
| Principal                  | John Keenan    | 680                         | 2.2            | 1,496.00         | 26.8          | 18,224.00        | 8.9           | 6,052.00         | 1.9           | 1,292.00         | 16.7          | 11,356.00        | 56.5                    | 38,420.00         |
| Senior Manager             | Katherine La   | 545                         | 0.4            | 218.00           | -             | -                | 1.3           | 708.50           | 0.1           | 54.50            | 0.5           | 272.50           | 2.3                     | 1,253.50          |
| Senior Manager             | Pauline Yeow   | 545                         | 9.4            | 5,123.00         | 21.4          | 11,663.00        | 20.1          | 10,954.50        | 11.3          | 6,158.50         | 35.4          | 19,293.00        | 97.6                    | 53,192.00         |
| Assistant Manager          | Jack Li        | 470                         | 8.3            | 3,901.00         | 11.7          | 5,499.00         | 3.4           | 1,598.00         | 15.5          | 7,285.00         | 12.1          | 5,687.00         | 51.0                    | 23,970.00         |
| Assistant Manager          | Savio Monis    | 470                         | 7.7            | 3,619.00         | 12.4          | 5,828.00         | 21.5          | 10,105.00        | 7.5           | 3,525.00         | 52.7          | 24,769.00        | 101.8                   | 47,846.00         |
| Intermediate 1             | Max Florian    | 270                         | 5.4            | 1,458.00         | 2.8           | 756.00           | 23.0          | 6,210.00         | 2.3           | 621.00           | 36.3          | 9,801.00         | 69.8                    | 18,846.00         |
| Intermediate 2             | Sushma Mandira | 245                         | 0.6            | 147.00           | -             | -                | -             | -                | -             | -                | -             | -                | 0.6                     | 147.00            |
| Senior Administration      | Sonia Stelmach | 220                         | 1.1            | 242.00           | -             | -                | -             | -                | -             | -                | -             | -                | 1.1                     | 242.00            |
| Senior Administration      | Jessica Mula   | 220                         | 5.7            | 1,254.00         | 0.9           | 198.00           | 1.2           | 264.00           | -             | -                | 1.3           | 286.00           | 9.1                     | 2,002.00          |
| Senior Administration      | Sarita Gurung  | 220                         | 0.7            | 154.00           | -             | -                | -             | -                | -             | -                | -             | -                | 0.7                     | 154.00            |
| <b>Total</b>               |                |                             | <b>44.2</b>    | <b>19,448.00</b> | <b>78.6</b>   | <b>43,936.00</b> | <b>80.9</b>   | <b>36,912.00</b> | <b>39.7</b>   | <b>19,684.00</b> | <b>157.2</b>  | <b>72,960.50</b> | <b>400.6</b>            | <b>192,940.50</b> |
|                            |                |                             |                |                  |               |                  |               |                  |               |                  |               |                  | GST                     | 19,294.05         |
|                            |                |                             |                |                  |               |                  |               |                  |               |                  |               |                  | <b>Total (incl GST)</b> | <b>212,234.55</b> |
| <b>Average Hourly Rate</b> |                |                             | <b>440.00</b>  |                  | <b>558.98</b> |                  | <b>456.27</b> |                  | <b>495.82</b> |                  | <b>464.13</b> |                  |                         | <b>481.63</b>     |

## 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.

### AUSSIE STRENGTH PTY LTD

**Resolution 1: Administrators’ Remuneration for the period 13 September 2022 to 10 October 2022**

*“That the remuneration of the Administrators, their partners and staff for the period 13 September 2022 to 10 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 13 October 2022 be fixed and approved at \$74,118.00 (excl. GST), and that the Administrators be authorised to draw that amount as required.”*

**Resolution 2: Administrators’ Remuneration for the period 11 October 2022 to the conclusion of the administration**

*“That the remuneration of the Administrators, their partners and staff for the period 11 October 2022 to the conclusion of the administration, be calculated on a time basis in accordance with the rates of charge annexed to the Voluntary Administrators’ Second Report to Creditors dated 13 October 2022 and approved to an interim cap of \$76,000.00 (excl. GST) and that the Administrators be authorised to draw that amount as and when incurred.”*

**Resolution 6: Liquidators’ Remuneration for the period 20 October 2022 to conclusion of the liquidation**

*“That the remuneration of the Liquidators, their partners and staff for the period 20 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 13 October 2022 and approved to an interim cap of \$150,000.00 (excl. GST) and that the Liquidators be authorised to draw that amount as and when incurred.”*

### AUSSIE STRENGTH GLOBAL PTY LTD

**Resolution 1: Administrators’ Remuneration for the period 13 September 2022 to 10 October 2022**

*“That the remuneration of the Administrators, their partners and staff for the period 13 September 2022 to 10 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 13 October 2022 be fixed and approved at \$192,940.50 (excl. GST), and that the Administrators be authorised to draw that amount as required.”*

**Resolution 2: Administrators’ Remuneration for the period 11 October 2022 to the conclusion of the administration**

*“That the remuneration of the Administrators, their partners and staff for the period 11 October 2022 to the conclusion of the administration, be calculated on a time basis in accordance with the rates of charge annexed to the Voluntary Administrators’ Second Report to Creditors dated 13 October 2022 and*

*approved to an interim cap of \$78,000.00 (excl. GST) and that the Administrators be authorised to draw that amount as and when incurred.”*

**Resolution 6: Liquidators’ Remuneration for the period 20 October 2022 to conclusion of the liquidation**

*“That the remuneration of the Liquidators, their partners and staff for the period 20 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 13 October 2022 and approved to an interim cap of \$200,000.00 (excl. GST) and that the 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:

### AUSSIE STRENGTH PTY LTD

#### **Resolution 3: Administrators' Internal Disbursements for the period 13 September 2022 to Conclusion**

“That the Administrators be allowed internal disbursements for the period 13 September 2022 to the conclusion of the Administration at the rates of charge annexed to the Voluntary Administrators’ Remuneration Approval Report dated 13 October 2022, up to an amount of \$1,000.00 (excl. GST) and that the Administrators be authorised to draw that amount as accrued.”

#### **Resolution 7: Liquidators' Internal Disbursements for the period 20 October 2022 to Conclusion**

“That the Liquidators be allowed internal disbursements for the period 20 October 2022 to the conclusion of the Liquidation at the rates of charge annexed to the Voluntary Administrators’ Remuneration Approval Report dated 13 October 2022, up to an amount of \$1,000.00 (excl. GST) and that the Liquidators be authorised to draw that amount as accrued.”



## AUSSIE STRENGTH GLOBAL PTY LTD

### **Resolution 3: Administrators' Internal Disbursements for the period 13 September 2022 to Conclusion**

"That the Administrators be allowed internal disbursements for the period 13 September 2022 to the conclusion of the Administration at the rates of charge annexed to the Voluntary Administrators' Remuneration Approval Report dated 13 October 2022, up to an amount of \$3,000.00 (excl. GST) and that the Administrators be authorised to draw that amount as accrued."

### **Resolution 7: Liquidators' Internal Disbursements for the period 20 October 2022 to Conclusion**

"That the Liquidators be allowed internal disbursements for the period 20 October 2022 to the conclusion of the Liquidation at the rates of charge annexed to the Voluntary Administrators' Remuneration Approval Report dated 13 October 2022, up to an amount of \$3,000.00 (excl. GST) and that the Liquidators be authorised to draw that amount as accrued."

Future disbursements provided by our Firm will be charged to the administrations 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<br>ATO mileage<br>allowance |

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

**BRI Ferrier**

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**AUSSIE STRENGTH PTY LTD  
(ADMINISTRATORS  
APPOINTED)  
ACN 150 420 625**

**AUSSIE STRENGTH GLOBAL  
PTY LTD  
(ADMINISTRATORS  
APPOINTED)  
ACN 646 609 501**

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

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## ADVICE TO CREDITORS ABOUT REMUNERATION

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

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(ADMINISTRATORS APPOINTED)  
ACN 646 609 501  
("THE COMPANIES")**

### 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 Companies 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   | \$270                 |

| Title                 | Description   | Hourly Rates (ex GST) |
|-----------------------|---|-----------------------|
| Intermediate 2        | medium appointments under supervision.<br>An accountant with less than 1 year's experience. A trainee undertaking degree with an accountancy major. Assists in the appointment under supervision. | \$245                 |
| 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 be charged at cost; though some expenses such as telephone calls, photocopying and printing may be charged at a rate which recoups both variable and fixed costs. The recovery of these costs must be on a reasonable commercial basis.

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 |

Dated this 13<sup>th</sup> day of October 2022

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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**

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**AUSSIE STRENGTH PTY LTD  
(ADMINISTRATORS  
APPOINTED)  
ACN 150 420 625**

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**Annexure "12"  
ASIC Information Sheet**

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**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.