



Report to Creditors under
Insolvency Practice Rule (Corporations) 75-225
of the Corporations Act 2001

**MODULAR PREFAB SOLUTIONS VIC
PTY LTD**

ACN 149 767 911

**RICHSTONE ADMINISTRATION PTY
LTD**

ACN 131 701 712

**RICHSTONE AUSTRALIA GROUP
PTY LTD**

ACN 160 820 146

RICHSTONE PLUMBING PTY LTD

ACN 104 934 358

**RICHSTONE PLUMBING VIC PTY LTD
IN ITS OWN RIGHT AND ATF
RICHSTONE EQUIPMENT HIRE TRUST**

ACN 644 094 897

ABN 94 967 157 619

RICHSTONE VIC PTY LTD

ACN 634 950 628

RSG BUSINESS SERVICES PTY LTD

ACN 634 410 138

(All Administrators Appointed)
("the Companies")

14 June 2023

David Coyne and Peter Krejci
Joint and Several Voluntary Administrators

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EXECUTIVE SUMMARY

On 3 March 2023, we, David Coyne and Peter Krejci of BRI Ferrier, were appointed Joint and Several Voluntary Administrators of the following companies:

- ▲ Richstone Plumbing Pty Ltd;
- ▲ Modular Prefab Solutions VIC Pty Ltd;
- ▲ Richstone Administration Pty Ltd;
- ▲ Richstone Australia Group Pty Ltd;
- ▲ Richstone Plumbing VIC Pty Ltd in its own right and ATF Richstone Equipment Hire Trust;
- ▲ Richstone VIC Pty Ltd (formerly Richstone Manufacturing & Equipment Hire Pty Ltd; and
- ▲ and RSG Business Services Pty Ltd (All Administrators Appointed) (“the Companies”).

These appointments were effected pursuant to Section 436A of the Corporations Act 2001 (“the Act”) by a resolution of the directors of each of the Companies.

This is our report regarding the Companies prepared under Insolvency Practice Rule (Corporations) 75-225 of the Act (“the Report”). The Report has been prepared to provide you with:

- ▲ Information about the Companies’ financial history;
- ▲ A summary of the Companies’ current financial position; and
- ▲ Our recommendation as to what creditors should resolve at the forthcoming concurrent second meetings of creditors, to be held on Wednesday, 21 June 2023 at 11.00AM AEST.

At the meetings, creditors can decide whether:

- ▲ the Companies should execute a Deed of Company Arrangement (“DOCA”); or
- ▲ the Companies should be wound up; or
- ▲ the Administration of the Companies should end and control of the Companies should return to the Director.

Creditors may also decide to adjourn the meeting for up to forty-five (45) business days.

We are required pursuant to Section 439C of the Act to make a recommendation to creditors regarding the options available at the upcoming meeting of creditors.

We have not received a DOCA proposal and in the absence of same, we recommend that creditors resolve to place the Companies into Liquidation.

Details of the meeting and how you can participate in it are set out later in the Report and in the attached Notice of Meeting.

We refer to our estimated outcome statement and note that a distribution to priority creditors in the Liquidation of RP is expected and a distribution to unsecured creditors will be dependent of the recovery of voidable transactions, including insolvent trading.

We note that a return to any class of creditor in the Liquidations of MPS and RSG will be dependent on recoveries of voidable transactions.

We do not expect there to be a distribution to any class of creditor with respect to the Liquidations of RA, RAG, RVIC and RP VIC.

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"B" – SUMMARISED RECEIPTS & PAYMENTS

"C" – ARITA INFORMATION SHEET

"D" – ESTIMATED OUTCOME STATEMENT

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"F" – PROOF OF DEBT

"G" – PROXY FORM

"H" – SUMMARIES OF FINANCIAL STATEMENTS

DISCLAIMER

The investigation into the Companies affairs has been conducted, and this Report and the statements made herein have been prepared, based on available books and records, information provided by the Companies' Directors, advisors and employees, information obtained from accounting records and from our own enquiries. Whilst we have no reason to doubt the accuracy of the information provided or contained herein, we reserve the right to alter our opinion or conclusions should the underlying content prove to be inaccurate or materially change after the date of this Report.

In considering the options available to creditors and formulating our recommendations, we have necessarily made forecasts of asset realisations and am required to estimate the ultimate quantum of creditors' claims against the Companies. These forecasts and estimates may change as our assessment of potential asset realisations progresses, and as creditors' claims are received and adjudicated upon. Whilst the forecasts and estimates are our best assessment in the circumstances, creditors should note that the Companies' ultimate deficiency, and the outcome for creditors, could differ from the information provided in this Report.

Neither we, as Joint and Several Administrators, nor any member or employee of our firm undertakes responsibility in any way whatsoever to any person in respect of any errors in this Report arising from incorrect information provided to this office, or necessary estimates and assessments made for the purposes of this Report.

Any creditor that may have material information in relation to the Companies' affairs, which they consider may affect our investigation or the Report, should forward written details together with any supporting documentation to our office as soon as possible.

GLOSSARY OF TERMS

Act means the Corporations Act 2001 (Cth)

ATO means Australian Taxation Office

CBA means the Commonwealth Bank of Australia ABN 48 123 123 124

MPS means Modular Prefab Solutions Pty Ltd ACN 149 767 911

MCL means Major Crane Logistics Pty Ltd ACN 160 384 350

Purchaser means RV or Richstone Holdings Pty Ltd ACN 666 106 243 or Richstone Construction Services Pty Ltd ACN 666 107 973 or MPS Victoria Pty Ltd ACN 666 107 366 or RSG Corporate Services Pty Ltd ACN 666 106 930

RA means Richstone Administration Pty Ltd ACN 131 701 712

RAG means Richstone Australia Group Pty Ltd ACN 160 820 146

RP means Richstone Plumbing Pty Ltd ACN 104 934 358

RP VIC means Richstone Plumbing VIC Pty Ltd in its own right and ATF Richstone Equipment Hire Trust ACN 644 094 897 ABN 94 967 157 619

RV means Richstone Victoria Pty Ltd ACN 665 967 028

RVIC means Richstone VIC Pty Ltd ACN 634 950 628

RSG means RSG Business Services Pty Ltd ACN 634 410 138

Richstone Group or **the Companies** means the collective business or cross-collateralised obligations relating to all of MPS, RA, RAG, RP, RP VIC, RVIC and RSG.

SRO means State Revenue Office of Victoria

1 INTRODUCTION AND APPOINTMENT

We, David Coyne and Peter Krejci of BRI Ferrier, were appointed Joint and Several Voluntary Administrators of:

- ▲ Richstone Plumbing Pty Ltd;
- ▲ Modular Prefab Solutions VIC Pty Ltd;
- ▲ Richstone Administration Pty Ltd;
- ▲ Richstone Australia Group Pty Ltd;
- ▲ Richstone Plumbing VIC Pty Ltd in its own right and ATF Richstone Equipment Hire Trust;
- ▲ Richstone VIC Pty Ltd (formerly Richstone Manufacturing & Equipment Hire Pty Ltd; and
- ▲ and RSG Business Services Pty Ltd (All Administrators Appointed) (“the Companies”).

under Part 5.3A of the Corporations Act 2001 (“the Act”) on 3 March 2023 by a resolution of the directors of each of the Companies.

The purpose of the appointment of an Administrator is to allow an independent insolvency practitioner to take control of, and investigate, the affairs of a company that is insolvent or likely to become insolvent. During that time creditors’ claims are put on hold. At the end of the investigation, the Administrator reports to creditors with information and a recommendation to assist creditors in making a decision in relation to the future of the Companies.

The purpose of this Report is to provide creditors with sufficient information to make an informed decision about the future of the Companies, including:

- ▲ Background information about each of the Companies, including the results of our investigations;
- ▲ The estimated return to creditors;
- ▲ Details of proposed Deed of Company Arrangement (“DOCA”), if any; and
- ▲ Options available to creditors and our opinion on each of those options.

We refer to our circular to creditors dated 15 March 2023 relating to the extension of the convening period for the Second Meeting of Creditors to 14 June 2023. This Report should be considered as the notice to convene the Second Meeting of Creditors.

1.1 DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS AND INDEMNITIES (“DIRRI”)

Pursuant to Section 436DA of the Act, our DIRRI’s were lodged with the Australian Securities & Investments Commission (“ASIC”) on 6 March 2023 and were also enclosed with our First Report to Creditors dated 7 March 2023. A copy of our Declaration’s was tabled at the first meeting of creditors of the Companies.

We are required to disclose to creditors if there has been any changes or amendments to the DIRRI’s previously circularised.

There are no changes to our DIRRIs.

1.2 FIRST MEETING OF CREDITORS

The First Meeting of Creditors was held on Wednesday, 15 March 2023 pursuant to Section 436E of the Act.

The agenda for that meeting was limited to consideration of the appointment of an alternate Voluntary Administrator and to the formation of a Committee of Inspection.

There were no nominations received for an alternate Administrator and accordingly, our appointment as Voluntary Administrators was ratified.

Creditors did not resolve to form a Committee of Inspection.

Minutes of the meeting were lodged with ASIC and are available for inspection at this office at the request of creditors.

2 MEETINGS

2.1 SECOND MEETING OF CREDITORS

The forthcoming meeting details are:

Second Meeting of Creditors	
Venue	Virtually
Date	Wednesday, 21 June 2023
Meeting Commences	11.00AM AEST

Formal notice of the meeting and the agenda is enclosed as **Annexure “A”**.

The main business of the meeting will be to receive our report and to allow creditors to make a decision regarding the future of the Companies.

Creditors wishing to attend the meeting must do so virtually. Please contact Joshua May of this office for details.

Our recommendation on the options available to creditors is discussed at section 9.2 of this Report.

3 CONDUCT OF THE ADMINISTRATION

3.1 SUMMARY OF POSITION

- ▲ Upon our appointment as Administrators of the Companies, we undertook an urgent assessment of the Companies’ capacity to trade in the Voluntary Administration. We negotiated and completed a going concern sale of business and assets. Please refer to section 5 of this Report for further details regarding the Sale of Business and Assets.
- ▲ We have obtained a copy of the Companies electronic accounting records. We have undertaken a preliminary investigation into the financial affairs of the Companies. Please refer to section 4 of the Report for details.
- ▲ We have also investigated possible voidable transactions that can only be recovered by a Liquidator. Please refer to section 7 of the Report for details.

- There has been no proposal for a DOCA as at the date of this Report.
- Our investigations to date with respect to the realisable assets and liabilities of each of the Companies as at the date of our appointment are detailed in Section 6 of this Report.
- We refer to the sale of the Companies' Business and Assets, summarised below, and note that a majority of the assets were realised for approximately \$4.8 million via this sale. We note that priority and secured liabilities of the Companies were reduced by approximately \$4.2 million through the assumption of liabilities by the Purchaser.
- As previously advised, we sought Orders from the Supreme Court of Victoria in relation to the sales of business and assets and a copy of these Orders were circulated to creditors on 15 March 2023.

Summary of Consolidated Sale of Business and Assets		Amount (\$)
Purchase Price of Business and assets	5,079,430	
- Decrease adjustment due to unassigned debtor	(271,816)	<u>4,807,614</u>
Comprising of:		
Assumption of Liabilities:		
- Employee Entitlements	1,434,104	
- Secured Creditors	2,321,365	
Adjustments:		
- Increase adjustment due to trade on	475,637	
Cash Component	576,508	<u>4,807,614</u>

Please see section 5 of this Report for further details.

- We refer to our estimated outcome statement and note that a distribution to priority creditors in the Liquidation of RP is expected and a distribution to unsecured creditors will be dependent of the recovery of voidable transactions, including insolvent trading. Please see estimated outcome statement attached as Annexure "D" for further details.
- We note that a return to any class of creditor in the Liquidation of MPS and RSG will be dependent on recoveries of voidable transactions. Please see estimated outcome statement attached as Annexure "D" for further details.
- We do not expect there to be a distribution to any class of creditor with respect to the Liquidations of RA, RAG, RVIC and RP VIC. Please see estimated outcome statement attached as Annexure "D" for further details.

- ▲ Our preliminary view is that the Companies should be placed into Liquidation at the upcoming Second Meeting of Creditors.

3.2 TRADING DURING THE ADMINISTRATION

- ▲ We did not trade the Companies' businesses during the Voluntary Administration. We note the Companies' operations continued during the first five (5) business days of the Voluntary Administration while the sales of business and assets were being negotiated.
- ▲ We refer to section 5 of this Report and note that trading liabilities were assumed by the Purchaser of the Companies' business and assets.

3.3 TASKS UNDERTAKEN BY THE ADMINISTRATORS

I have undertaken the following tasks in order to prepare this Report:

- ▲ Interviewed the Directors;
- ▲ Obtained a Report on Company's Activities and Property from the Companies' Directors;
- ▲ Obtained and examined the Companies' accounting software records;
- ▲ Liaised with the Companies' external accountants to obtain financial records;
- ▲ Conducted a review of land title office records and shareholdings with respect to the Companies and the Directors;
- ▲ Issued initial correspondence to the Sheriff's Office of Victoria requesting searches of their records regarding any warrants issued against the Companies;
- ▲ Issued initial correspondence to VicRoads requesting a search of its records for any motor vehicles registered in the name of the Companies;
- ▲ Conducted ASIC's Money Smart to determine whether there is any unclaimed money held in the name of the Companies;
- ▲ Convened the First Meeting of Creditors and held informal discussions with creditors regarding the Voluntary Administration;
- ▲ Acquired control of the Companies bank account;
- ▲ Negotiated, documented and completed a going concern sale of the Companies' business and assets;
- ▲ Completed preliminary investigations with respect to the conduct of the Directors and voidable transactions which would only be available to a Liquidator if the Companies was wound up; and
- ▲ Prepared an analysis of the movements of the operating accounts of the Companies to consider the likelihood of insolvent transactions (Insolvent Trading and Unfair Preference Review).

I note that the Companies Directors' have complied with their obligations in relation to our requests for information and assistance with respect to the Companies assets and our investigations.

4 COMPANY BACKGROUND

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

4.1 MODULAR PREFAB SOLUTIONS VIC PTY LTD

4.1.1 Company Details

Company:	Modular Prefab Solutions VIC Pty Ltd
Australian Company Number:	149 767 911
Date of Incorporation:	09 March 2011
Registered Office:	50 Belmore Street Yarrawonga VIC 3730
Principal Place of Business:	23 Jersey Drive Epping VIC 3076
Number of Ordinary Shares:	12
Current Land Title Interests:	N/A

4.1.2 Company Office Holders

Name	Role	Appointment Date	Cessation Date
Shannon Leigh Egglestone	Director	9 March 2011	Current
	Secretary	9 March 2011	Current
Hayden Richardson	Director	9 March 2011	16 April 2019
	Secretary	9 March 2011	16 April 2019

4.1.3 Company Shareholders

Shareholding Entity	Shares Held	Ownership
Richstone Australia Group Pty Ltd	12 ordinary shares	100%

4.1.4 Related Entities

Please refer to section 4.3.4 of this Report.

4.1.5 Company History

Based on our enquiries to date and information provided by the Director, a summary of MPS's background is as follows:

- ▲ MPS was incorporated in Victoria on 9 March 2011.
- ▲ MPS's business manufactured prefabricated plumbing products for RP and had no other customers.
- ▲ MPS employed approximately fifteen (15) to twenty (20) staff.
- ▲ The Director considered that MPS was, or would become, insolvent in the near future.
- ▲ On 3 March 2023, the Director resolved to appoint us as Joint and Several Administrators.

4.1.6 Explanation for Failure

MPS's Director has attributed the failure of the company primarily to:

- ▲ Increased market pressure.
- ▲ Increase supply costs.

Administrators' Findings as to the Reasons for the MPS's Failure

We consider the following would have primarily attributed to MPS's demise:

- ▲ Insufficient revenue to meet fixed expenses.
- ▲ Poor economic circumstances.
- ▲ Impact of COVID shutdowns on construction sites

4.1.7 Company Records

We have reviewed MPS's records and financial statements to consider and identify any limits to our investigations. We are required to report any material failure to maintain records in accordance with Section 286 of the Act. Our review does not involve an audit or assurance review of the financial statements.

We have been able to take control of the records that we consider necessary to undertake our investigations and identify any material deficiencies in the completeness of MPS's records.

We are satisfied that MPS has substantially complied with its obligations to maintain proper financial records pursuant to Section 286 of the Act for the following reasons:

- ▲ We have had access to account statements for MPS's bank accounts and financial statements; and
- ▲ It appears MPS maintained adequate systems for recording information that would enable true and fair financial statements to be prepared and audited.

We note that MPS's available management accounts appear to be materially inaccurate in many aspects. On 28 April 2023, we wrote to the Director to provide an explanation of the discrepancies, in particular, relating to a general journal entry. We did not receive a response to our queries.

However, absent any alternative financial reports or explanatory documents from the Directors or external accountant, we have proceeded with the available management accounts as the basis for our investigations.

4.1.8 Financial History

Set out in Annexure "H" is a summary of the reported financial position and performance of MPS for the financial years ended ("FY") 30 June 2020, 30 June 2021 and 30 June 2022 as well as the financial period ending 3 March 2023.

The summaries have been extracted from externally prepared financial statements.

We note that financial records have not been audited and we have not undertaken any verification work with respect to these financial statements. We are therefore unable to express a view as to the accuracy or completeness of MPS accounts, or whether the figures contained in the accounts represent the true operational and financial position of MPS.

Our comments in relation to the summaries are as follows:

Balance Sheets

- MPS's balance sheets indicate that the overall financial position has deteriorated after FY2020, with the net asset deficiency increasing to \$12 million by March 2023 as a result of trading losses year-on-year. We provide further commentary below.
- MPS's business provided prefabricated stock sourced from third party suppliers to RP. Accordingly, the major assets are stock and Work in Progress totalling approximately \$6M in FY2022 and FY2023. We note the estimated realisable value of the work in progress is approximately \$520,000. Please refer to section 6.1.1.3 of this Report for further details.
- MPS's reported liabilities to the ATO appears to be substantially understated with a balance of approximately \$57,000 at appointment. Our enquires indicate that the debt owed to the ATO with respect to BAS debts is approximately \$3 million.
- MPS's related party loan owed to RP increased from \$5 million as at June 2020 to \$15 million by March 2023, evidencing MPS's heavy reliance on RP to finance its operations and trading losses.
- The balance sheets do not record the substantial cross-collateralised and guaranteed debts within the Richstone Group, in particular debts owed to the ATO for \$1.8 million and CBA for \$2.1 million. This understates MPS's liabilities and does not provide an accurate reflection of its true financial position.

Profit and Loss Statements

- MPS's primary source of income was derived by supplying of stock and materials to RP. Those revenues peaked at \$5 million in FY2021, reducing to \$2 million by FY2023. This reduction is consistent with the overall deterioration in trading performance for the Richstone Group.
- MPS operated at a significant loss, as represented in the cost of goods sold, which almost doubled the reported revenues. It is likely that not all revenues were reported given MPS's operations were primarily within the Richstone Group and operating losses are likely overstated.
- MPS employed staff and incurred approximately \$900,000 in payroll costs during FY2023. The tax liabilities to the ATO are largely represented by PAYGW.
- MPS received government funding (JobKeeper) of approximately \$300,000 in FY2021 to assist with continued operations, when the COVID-19 pandemic substantially impacted the construction industry.
- MPS incurred substantial losses from FY2020 to the date of our appointment. As mentioned above, it is possible that those losses were overstated, if RP and other entities within the Richstone Group were not invoiced for all supplies from MPS. We do not have sufficient information to comment further at this time.

4.1.9 Enforcement Action

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.

We are not aware that MPS had any legal proceedings on foot at our appointment.

4.2 RICHSTONE ADMINISTRATION PTY LTD

4.2.1 Company Details

Company:	Richstone Administration Pty Ltd
Australian Company Number:	131 701 712
Date of Incorporation:	18 June 2008
Registered Office:	50 Belmore Street Yarrawonga VIC 3730
Principal Place of Business:	23 Jersey Drive Epping VIC 3076
Number of Ordinary Shares:	120
Current Land Title Interests:	N/A

4.2.2 Company Office Holders

Name	Role	Appointment Date	Cessation Date
Shannon Leigh Egglestone	Director	18 June 2008	Current
	Secretary	1 August 2019	Current
Hayden Richardson	Director	18 June 2008	1 August 2019
	Secretary	18 June 2008	1 August 2019

4.2.3 Company Shareholders

Shareholding Entity	Shares Held	Ownership
Richstone Australia Group Pty Ltd	120 ordinary shares	100%

4.2.4 Related Entities

Please refer to section 4.3.4 of this Report.

4.2.5 Company History

Based on our enquiries to date and information provided by the Director, a summary of RA's background is as follows:

- ▲ RA was incorporated in Victoria on 18 June 2008.
- ▲ RA did not appear to operate a business and appears to have served as a consolidated tax entity for the Richstone Group.
- ▲ RA did not employ prior to our appointment as Joint and Several Administrators.
- ▲ The Director considered that RA was, or would become, insolvent in the near future.
- ▲ On 3 March 2023, the Director resolved to appoint us as Joint and Several Administrators.

4.2.6 Explanation for Failure

RA's Director has attributed the failure of the company primarily to:

- ▲ Increased market pressure.
- ▲ Increase supply costs.

Administrators' Findings as to the Reasons for the RA's Failure

We consider the following would have primarily attributed to RA's demise:

- ▲ Poor economic circumstances.

4.2.7 Company Records

We have reviewed RA's records and financial statements to consider and identify any limits to our investigations. We are required to report any material failure to maintain records in accordance with Section 286 of the Act. Our review does not involve an audit or assurance review of the financial statements.

Our preliminary review of RA's records reveals transactions that have not been adequately accounted for in RA's books and records. However, these transactions have been recorded in the books and records of other companies within the Richstone Group.

No management accounts or financial records have been provided to us, and no accounts have been maintained for RA.

RA does not appear to have been operating a business, and there are minimal creditor claims, other than cross-collateralised claims from other entities within the Richstone Group. Accordingly, the accounts could be prepared if necessary, depending on the guaranteed debt claims, and as such there has not been a breach of Section 286 of the Act.

4.2.8 Enforcement Action

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.

We are not aware that RA had any legal proceedings on foot at our appointment.

4.3 RICHSTONE AUSTRALIA GROUP PTY LTD

4.3.1 Company Details

Company:	Richstone Australia Group Pty Ltd
Australian Company Number:	160 820 146
Date of Incorporation:	17 October 2012
Registered Office:	50 Belmore Street Yarrawonga VIC 3730
Principal Place of Business:	23 Jersey Drive Epping VIC 3076
Number of Ordinary Shares:	916
Current Land Title Interests:	N/A

4.3.2 Company Office Holders

Name	Role	Appointment Date	Cessation Date
Rhett Daniel Newell	Director	1 October 2020	Current
John Rocci	Director	1 October 2020	Current
James Williams	Director	1 October 2020	Current
	Director	14 May 2019	21 May 2019
Shannon Leigh Egglestone	Director	17 October 2012	Current
	Secretary	17 October 2012	Current
Hayden Richardson	Director	17 October 2012	1 August 2019
	Secretary	17 October 2012	1 August 2019

4.3.3 Company Shareholders

Shareholding Entity	Shares Held	Ownership
Shannon Egglestone Pty Ltd	475 Ordinary Shares	66.7%
R & S Newell Investments Pty Ltd	83 Ordinary Shares	11.6%
JMW (VIC) Enterprises Pty Ltd	36 Ordinary Shares	5.1%
John Rocci Investments Pty Ltd	83 Ordinary Shares	11.6%
JMW (VIC) Enterprises Pty Ltd	35 Ordinary Shares	5.0%

4.3.4 Related Entities

4.3.4.1 James Jeffrey Williams

An ASIC search reveals that Mr James Jeffrey Williams also holds the following roles:

Company	Role	Appointment Date	Cessation Date
JMW (VIC) Enterprises Pty Ltd	Director	9 March 2010	24 February 2014
	Director	7 March 2014	12 February 2015
	Director	27 June 2019	Current
	Secretary	9 March 2010	15 January 2014
	Secretary	27 June 2019	Current
Jutlan Management Group Pty Ltd	Director	17 February 2023	Current
	Secretary	17 February 2023	Current
Major Panels Pty Ltd	Director	23 September 2020	Current
	Secretary	23 September 2020	Current
Modular Design Pty Ltd	Director	7 September 2020	Current
	Secretary	7 September 2020	Current
Richstone Australia Group Pty Ltd	Director	14 May 2019	21 May 2019
	Director	1 October 2020	Current
Richstone Business Services Pty Ltd	Director	1 March 2023	Current
Richstone Plumbing Pty Ltd	Director	14 May 2019	Current
Richstone Plumbing VIC Pty Ltd	Director	7 September 2020	Current
	Secretary	7 September 2020	Current
RSG Equipment Services Pty Ltd	Secretary	30 September 2021	2 December 2022
RSG Victoria Investments Pty Ltd	Director	28 February 2023	Current
RSG Business Services Pty Ltd	Director	26 June 2019	Current

4.3.4.2 Rhett Daniel Newell

An ASIC search reveals that Mr Rhett Daniel Newell also holds the following roles:

Company	Role	Appointment Date	Cessation Date
R & S Newell Investments Pty Ltd	Director	8 July 2019	Current
	Secretary	8 July 2019	Current
Jutland Management Group Pty Ltd	Director	17 February 2023	Current
Major Panels Pty Ltd	Director	23 September 2020	Current
Modular Design Pty Ltd	Director	7 September 2020	Current
Richstone Australia Group Pty Ltd	Director	1 October 2020	Current
Richstone Business Services Pty Ltd	Director	1 March 2023	Current
Richstone Plumbing VIC Pty Ltd	Director	7 September 2020	Current
RSG Victoria Investments Pty Ltd	Director	28 February 2023	Current
Sorrento Finance Pty Ltd	Director	18 November 2020	Current

4.3.4.3 John Rocci

An ASIC search reveals that Mr John Rocci also holds the following roles:

Company	Role	Appointment Date	Cessation Date
Stuban Pty. Ltd	Director	23 January 1998	21 December 1998
	Secretary	23 January 1998	21 December 1998
John Rocci Investments Pty Ltd	Director	8 July 2019	Current
	Secretary	8 July 2019	Current
Jutland Management Group Pty Ltd	Director	17 February 2023	Current
Major Panels Pty Ltd	Director	23 September 2020	Current
Modular Designs Pty Ltd	Director	7 September 2020	Current
Richstone Australia Group Pty Ltd	Director	1 October 2020	Current
Richstone Business Services Pty Ltd	Director	1 March 2023	Current
Richstone Plumbing VIC Pty Ltd	Director	7 September 2020	Current
RSG Victoria Investments Pty Ltd	Director	28 February 2023	Current

4.3.4.4 Shannon Leigh Egglestone

An ASIC search reveals that Mr Shannon Leigh Egglestone also holds the following roles:

Company	Role	Appointment Date	Cessation Date
Hi-Tech Security (Aust) Pty Ltd	Director	30 July 1997	11 October 2000
RSG Crane Hire Pty Ltd	Director	3 February 2009	24 June 2015
GTR Finance Pty Ltd	Director	8 May 2018	Current
Jutland Management Group Pty Ltd	Director	17 February 2023	Current
Major Crane Logistics Pty Ltd	Director	17 September 2012	Current
	Secretary	17 September 2012	Current
Major Panels Pty Ltd	Director	23 September 2020	Current
Modular Design Pty Ltd	Director	7 September 2020	Current
Modular Prefab Solutions VIC Pty Ltd	Director	9 March 2011	Current
	Secretary	9 March 2011	Current
MPS VIC Pty Ltd	Director	28 June 2013	Current
	Secretary	28 June 2013	Current
MPS Victoria Pty Ltd	Director	28 February 2023	Current
	Secretary	28 February 2023	Current

Pro-Fit Plumbing & Maintenance Pty Ltd	Director	20 June 2018	15 April 2021
	Director	28 February 2023	Current
	Secretary	20 June 2018	15 April 2021
	Secretary	28 February 2023	Current
Richstone Administration Pty Ltd	Director	18 June 2008	Current
	Secretary	1 August 2019	Current
Richstone Australia Group Pty Ltd	Director	17 October 2012	Current
	Secretary	17 October 2012	Current
Richstone Business Services Pty Ltd	Director	1 March 2023	Current
	Secretary	1 March 2023	Current
Richstone Construction Services Pty Ltd	Director	28 February 2023	Current
	Secretary	28 February 2023	Current
Richstone Holdings Pty Ltd	Director	28 February 2023	Current
	Secretary	28 February 2023	Current
Richstone Plumbing Pty Ltd	Director	30 May 2003	Current
	Secretary	1 August 2019	Current
Richstone Plumbing VIC Pty Ltd	Director	7 September 2020	Current
Richstone VIC Pty Ltd	Director	18 July 2019	Current
	Secretary	18 July 2019	Current
Richstone Victoria Pty Ltd	Director	22 February 2023	Current
	Secretary	22 February 2023	Current
RSG Business Services Pty Ltd	Director	26 June 2019	Current
	Secretary	26 June 2019	Current
RSG Corporate Services Pty Ltd	Director	28 February 2023	Current
	Secretary	28 February 2023	Current
RSG Equipment Services Pty Ltd	Director	8 November 2005	19 January 2023
RSG Victoria Investments Pty Ltd	Director	28 February 2023	Current
	Secretary	28 February 2023	Current
Shannon Egglestone Pty Ltd	Director	2 March 2005	Current
	Secretary	2 March 2005	Current
Richstone Novel Group Pty Ltd	Director	21 October 2011	8 August 2018
	Secretary	21 October 2011	8 August 2018

4.3.5 Company History

Based on our enquiries to date and information provided by the Directors, a summary of RAG's background is as follows:

- ▲ RAG was incorporated in Victoria on 17 October 2012.
- ▲ RAG appears to have acted as holding company for entities within the Richstone Group.
- ▲ RAG did not employ prior to our appointment as Joint and Several Administrators.
- ▲ The Directors considered that RAG was, or would become, insolvent in the near future.
- ▲ On 3 March 2023, the Directors resolved to appoint us as Joint and Several Administrators.

4.3.6 Explanation for Failure

RAG's Directors have attributed the failure of the company primarily to:

- ▲ Increased market pressure.
- ▲ Increase supply costs.

Administrators' Findings as to the Reasons for the RAG's Failure

We consider the following would have primarily attributed to RAG's demise:

- ▲ Poor economic circumstances.

4.3.7 Company Records

We have reviewed RAG's records and financial statements to consider and identify any limits to our investigations. We are required to report any material failure to maintain records in accordance with Section 286 of the Act. Our review does not involve an audit or assurance review of the financial statements.

Our preliminary review of RAG's records reveal transactions that have not been adequately accounted for in RAG's books and records. However, these transactions have been recorded in the books and records of other companies within the group.

RAG does not appear to have been operating a business, and there are minimal creditor claims, other than cross-collateralised claims from other entities within the Richstone Group. Accordingly, the accounts could be prepared if necessary, depending on the guaranteed debt claims, and as such there has not been a breach of Section 286 of the Act.

4.3.8 Enforcement Action

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.

We are not aware that RAG had any legal proceedings on foot at our appointment.

4.4 RICHSTONE PLUMBING PTY LTD ("RP")

4.4.1 Company Details

Company:	Richstone Plumbing Pty Ltd
Australian Company Number:	104 934 358
Date of Incorporation:	30 May 2003
Registered Office:	50 Belmore Street Yarrawonga VIC 3730
Principal Place of Business:	23 Jersey Drive Epping VIC 3076
Number of Ordinary Shares:	660
Current Land Title Interests:	N/A

4.4.2 Company Office Holders

Name	Role	Appointment Date	Cessation Date
James Williams	Director	14 May 2019	Current
Shannon Leigh Egglestone	Director	30 May 2003	Current
	Secretary	1 August 2019	Current
Hayden Richardson	Director	30 May 2003	1 August 2019
	Secretary	30 May 2003	1 August 2019

4.4.3 Company Shareholders

Shareholding Entity	Shares Held	Ownership
Richstone Australia Group Pty Ltd	660 ordinary shares	100%

4.4.4 Related Entities

Please refer to section 4.3.4 of this Report.

4.4.5 Company History

Based on our enquiries to date and information provided by the Directors, a summary of RP's background is as follows:

- ▲ RP was incorporated in Victoria on 30 May 2003
- ▲ RP's business operated as commercial plumbing and its major customers included Maxcon and Hickory Construction.
- ▲ RP employed approximately one-hundred and thirty (130) to one-hundred and forty (140) staff.
- ▲ The Directors considered that RP was, or would become, insolvent in the near future.
- ▲ On 3 March 2023, the Directors resolved to appoint us as Joint and Several Administrators.

4.4.6 Explanation for Failure

RP's Directors have attributed the failure of the company primarily to:

- ▲ Increased market pressure.
- ▲ Increase supply costs.

Administrators' Findings as to the Reasons for the RP's Failure

We consider the following would have primarily attributed to RP's demise:

- ▲ Insufficient revenue to meet fixed expenses.
- ▲ Poor economic circumstances.
- ▲ Impact of COVID shutdowns on construction sites

4.4.7 Company Records

We have reviewed RP's records and financial statements to consider and identify any limits to our investigations. We are required to report any material failure to maintain records in accordance with Section 286 of the Act. Our review does not involve an audit or assurance review of the financial statements.

We have been able to take control of the records that we consider necessary to undertake our investigations and identify any material deficiencies in the completeness of RP's records.

We are satisfied that RP has substantially complied with its obligations to maintain proper financial records pursuant to Section 286 of the Act for the following reasons:

- ▲ We have had access to account statements for RP's bank accounts and financial statements; and

- It appears RP maintained adequate systems for recording information that would enable true and fair financial statements to be prepared and audited.

We note that RP's available management accounts appear to be materially inaccurate in many aspects. On 28 April 2023, we wrote to the Directors to provide an explanation of the discrepancies, in particular, relating to the petty cash journal and ATO liabilities. We have not yet received a response to our queries.

However, absent any alternative financial reports or explanatory documents from the Directors or external accountant, we have proceeded with the available management accounts as the basis for our investigations.

4.4.8 Financial History

Set out in Annexure "H" is a summary of the reported financial position and performance of RP for the financial years ended ("FY") 30 June 2019, 30 June 2020, 30 June 2021 and 30 June 2022 as well as the period ending 3 March 2023.

The summaries have been extracted from externally prepared financial statements.

We note that financial records have not been audited and we have not undertaken any verification work with respect to these financial statements. We are therefore unable to express a view as to the accuracy or completeness of RP's accounts, or whether the figures contained in the accounts represent the true operational and financial position of RP.

Our comments in relation to the summaries are as follows:

Balance Sheets

- RP's balance sheets indicate that the overall financial position has deteriorated significantly after FY2019. In this regard, the balance sheets report a significant net asset deficiency of \$16 million at June 2020, which increased to a deficiency of \$50 million by March 2023.
- RP's major assets are the related party loans which increased substantially from approximately \$1 million as at 30 June 2019 to \$24 million as at the date of our appointment. The loans comprise of amounts owed by MPS for approximately \$14 million, RSG for approximately \$7 million and RA for approximately \$2 million. These entities are also subject to external administration, and therefore the prospects of recovery are uncertain.
- RP reported a payroll tax asset which increased from \$188,000 as at 30 June 2019 to \$6 million as at the date of our appointment. However, a review of the account indicates that the payroll tax payments were capitalised rather than expensed, which appears to be an error. There are outstanding payroll tax debts and this asset is not recoverable. This accounting error therefore overstates RP's asset position.
- Trade debtors decreased from \$50 million as at 30 June 2020 to \$2.6 million as at the date of our appointment, reflecting RP's decline in trading performance during this period where the COVID-19 pandemic negatively impacted RP's projects. The reduction is largely represented by a write-off of approximately \$45 million of debtors in January 2023 relating to corrections of debtor invoices and receipts incorrectly accounted for in the RP electronic records.
- RP did not accurately record the carrying value of its Work in Progress historically. The balance sheets indicate that Work in Progress was recorded as \$2.5 million as at 30 June 2019, and does not change thereafter. Our enquiries indicate that RP's Work in Progress held significant value and was recorded off-balance sheet, and recognised as an asset when customer invoices were raised. Accordingly, RP's asset position was likely understated by the rolling value of Work in Progress, however we are unable to quantify those historical values at this time.

- Timelio, a debtor factoring financier, is reported as a major liability that increased from \$4.6 million as at 30 June 2019 to \$30 million as at the date of our appointment. However, our enquiries indicate that Timelio is owed approximately \$775,000, and therefore this liability is materially overstated.
- The debts owed to the ATO steadily increases from nil as at 30 June 2019 to \$5 million as at our appointment. However, this liability appears to be materially understated, as the ATO has submitted a claim in the amount of \$12.8 million with respect to RP's BAS debts.
- RP's balance sheets from June 2021 also records a \$29 million petty cash liability which appears to be an accounting error, as there was no overdraft or other financing facility for such an amount. The underlying accounts indicate that the petty cash liability is comprised of various transactions relating to suppliers and related parties, which remain static after FY2021, and therefore the liabilities are likely overstated by this amount.

Profit and Loss Statements

- RP was the major client facing income earning entity in Richstone Group, providing plumbing installation services on commercial building projects. The reported revenues have declined dramatically from \$65 million in FY2020 to \$25 million in FY2023, which may reflect poorer market conditions, including the COVID-19 pandemic.
- The reported cost of goods sold and profit margins have varied materially over the period, which does not appear to be an accurate reflection of RP's operating performance. For example, in FY2019 the gross profit margin was around 11% which is consistent with market average. However, the gross margin had grown inexplicably to 53% by FY2023 when the business was in financial difficulty and revenues had reduced by more than half the gross margin. We suspect that the variances were impacted by the failure to recognise Work in Progress periodically, and potentially impairments of debtors/contracts.
- The major operating expenses of the business were payroll costs totalling approximately \$29 million in FY2020. The payroll costs reduced to \$16 million by FY2023, however that reduction was not sufficient to absorb the trading losses, including debtor/contract impairments.
- As mentioned above, RP wrote-off \$45 million in trade debtors in January 2023. A significant portion of this write-off was recorded as an extraordinary expense of \$38 million in FY2023, with the balance applied against revenues in that same period. The impairments appear to relate to invoices incorrectly raised in FY2023 and possibly FY2022.
- Overall, RP incurred approximately \$49 million of trading losses during FY2019 to FY2023. However, the majority of those losses were reported in the current FY2023 period as a result of the \$45 million debtor impairments. On a proper accounting, these losses were likely incurred during prior period, which may absorb the potentially artificial profits reported during FY2021 and FY2022.

4.4.9 Enforcement Action

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.

We are not aware that RP had any legal proceedings on foot at our appointment.

4.5 RICHSTONE PLUMBING VIC PTY LTD IN ITS OWN RIGHT AND ATF RICHSTONE EQUIPMENT HIRE TRUST ("RP VIC")

4.5.1 Company Details

Company:	Richstone Plumbing VIC Pty Ltd
Australian Company Number:	644 094 897
Date of Incorporation:	7 September 2020
Registered Office:	50 Belmore Street Yarrawonga VIC 3730
Principal Place of Business:	23 Jersey Drive Epping VIC 3076
Number of Ordinary Shares:	100
Current Land Title Interests:	N/A

4.5.2 Company Office Holders

Name	Role	Appointment Date	Cessation Date
James Williams	Director	7 September 2020	Current
	Secretary	7 September 2020	Current
Rhett Daniel Newell	Director	7 September 2020	Current
John Rocci	Director	7 September 2020	Current
Shannon Leigh Egglestone	Director	7 September 2020	Current

4.5.3 Company Shareholders

Shareholding Entity	Shares Held	Ownership
Richstone Australia Group Pty Ltd	100 ordinary shares	100%

4.5.4 Related Entities

Please refer to section 4.3.4 of this Report.

4.5.5 Company History

Based on our enquiries to date and information provided by the Directors, a summary of RP VIC's background is as follows:

- RP VIC was incorporated in Victoria on 7 September 2020.
- RP VIC is a trustee of a trust, being Richstone Equipment Hire Trust.
- RP VIC's business provided plant and equipment to RP and did not have any customers outside of the Richstone Group.
- RP VIC did not employ prior to our appointment as Joint and Several Administrators.
- The Directors considered that RP VIC was, or would become, insolvent in the near future.
- On 3 March 2023, the Directors resolved to appoint us as Joint and Several Administrators.

4.5.6 Explanation for Failure

RP VIC's Directors have attributed the failure of the company primarily to:

- Increased market pressure.
- Increase supply costs.

Administrators' Findings as to the Reasons for the RP VIC's Failure

We consider the following would have primarily attributed to RP VIC's demise:

- ▲ Poor economic circumstances.

4.5.7 Company Records

We have reviewed RP VIC's records and financial statements to consider and identify any limits to our investigations. We are required to report any material failure to maintain records in accordance with Section 286 of the Act. Our review does not involve an audit or assurance review of the financial statements.

We have been able to take control of the records that we consider necessary to undertake our investigations and identify any material deficiencies in the completeness of RP VIC's records.

We are satisfied that the RP VIC has substantially complied with its obligations to maintain proper financial records pursuant to Section 286 of the Act for the following reasons:

- ▲ We have had access to account statements for RP VIC's bank accounts and financial statements; and
- ▲ It appears the RP VIC maintained adequate systems for recording information that would enable true and fair financial statements to be prepared and audited.

We note that RP VIC's available management accounts appear to be materially inaccurate in many aspects. On 28 April 2023, we wrote to the Directors to provide an explanation of the discrepancies, in particular, relating to assets including interest in land and motor vehicles. We did not receive a response to our queries.

However, absent any alternative financial reports or explanatory documents from the Directors or external accountant, we have proceeded with the available management accounts as the basis for our investigations.

4.5.8 Financial History

Set out in Annexure "H" is a summary of the reported financial position and performance of RP VIC for the financial years ended ("FY") 30 June 2018, 30 June 2019, 30 June 2020, 30 June 2021 and 30 June 2022 as well as the financial period ending 3 March 2023.

The summaries have been extracted from externally prepared financial statements.

We note that financial records have not been audited and we have not undertaken any verification work with respect to these financial statements. We are therefore unable to express a view as to the accuracy or completeness of RP VIC's accounts, or whether the figures contained in the accounts represent the true operational and financial position of the Company.

Our comments in relation to the summaries are as follows:

Balance Sheets

- RP VIC's major assets are motor vehicles and plant and equipment which it provided to entities within the Richstone Group.
- The balance sheets do not record the substantial cross-collateralised and guaranteed debts within the Richstone Group, in particular debts owed to CBA for \$2.1 million and the ATO for \$1.8 million. This understates RP VIC's liabilities and does not provide an accurate reflection of its true financial position.
- It appears RP VIC conducted a share capital raise of approximately \$300,000 in FY2021 and reported a distribution of \$505,000. This distribution reduces RP VIC's equity at a time when there was an overall deterioration in trading performance for the Richstone Group.

Profit and Loss Statements

- RP VIC's business provided plant and equipment to other entities within the Richstone Group. Its income decreased from approximately \$800,000 in FY2020 to \$192,000 in FY2023. This reduction is consistent with the overall deterioration in trading performance of the Richstone Group.
- RP VIC reported miscellaneous income of \$1.4 million and incurred an unknown expense of \$1.6 million in FY2021. A review of the supporting account ledgers indicated the expense related to payments to related parties which is likely due to the accounts being incomplete.

4.5.9 Enforcement Action

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.

We are not aware that RP VIC had any legal proceedings on foot at our appointment.

4.6 RICHSTONE VIC PTY LTD ("RVIC")

4.6.1 Company Details

Company:	Richstone VIC Pty Ltd
Australian Company Number:	634 950 628
Date of Incorporation:	18 July 2019
Registered Office:	50 Belmore Street Yarrawonga VIC 3730
Principal Place of Business:	25 Williams Rise Sunbury VIC 3429
Number of Ordinary Shares:	12
Current Land Title Interests:	N/A

4.6.2 Company Office Holders

Name	Role	Appointment Date	Cessation Date
Shannon Leigh Egglestone	Director	18 July 2019	Current
	Secretary	18 July 2019	Current

4.6.3 Company Shareholders

Shareholding Entity	Shares Held	Ownership
Richstone Australia Group Pty Ltd	12 ordinary shares	100%

4.6.4 Related Entities

Please refer to section 4.3.4 of this Report.

4.6.5 Company History

Based on our enquiries to date and information provided by the Director, a summary of RVIC's background is as follows:

- ▲ RVIC was incorporated in Victoria on 18 July 2019.
- ▲ RVIC appears to have been a dormant entity. We understand that it was intended to be a trustee of the Richstone Equipment Hire Trust but was never appointed to the role.
- ▲ RVIC did not employ prior to our appointment as Joint and Several Administrators.
- ▲ The Director considered that RVIC was, or would become, insolvent in the near future.
- ▲ On 3 March 2023, the Director resolved to appoint us as Joint and Several Administrators.

4.6.6 Explanation for Failure

Our investigations suggest that RVIC was a dormant entity and did not trade.

4.6.7 Company Records

We have reviewed RVIC's records and financial statements to consider and identify any limits to our investigations. We are required to report any material failure to maintain records in accordance with Section 286 of the Act. Our review does not involve an audit or assurance review of the financial statements.

Our preliminary review of RVIC's records reveal that the company appears to be dormant.

No management accounts or financial records have been provided to us, and no accounts have been maintained for RVIC. RVIC appears to have been dormant for some time, and there are minimal creditor claims, other than guaranteed claims from other entities within the Richstone Group. Accordingly, the accounts could be prepared if necessary, depending on the guaranteed debt claims, and as such there has not been a breach of Section 286 of the Act.

4.6.8 Enforcement Action

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.

We are not aware that RVIC had any legal proceedings on foot at our appointment.

4.7 RSG BUSINESS SERVICES PTY LTD ("RSG")

4.7.1 Company Details

Company:	RSG Business Services Pty Ltd
Australian Company Number:	634 410 138
Date of Incorporation:	26 June 2019
Registered Office:	Belmores 50 Belmore Street Yarrawonga VIC 3730
Principal Place of Business:	23 Jersey Drive Epping VIC 3076
Number of Ordinary Shares:	10
Current Land Title Interests:	N/A

4.7.2 Company Office Holders

Name	Role	Appointment Date	Cessation Date
Shannon Leigh Egglestone	Director	26 June 2019	Current
	Secretary	26 June 2019	Current
James Jeffrey Williams	Director	26 June 2019	Current

4.7.3 Company Shareholders

Shareholding Entity	Shares Held	Ownership
Richstone Australia Group Pty Ltd	10 ordinary shares	100%

4.7.4 Related Entities

Please refer to section 4.3.4 of this Report.

4.7.5 Company History

Based on our enquiries to date and information provided by the Directors, a summary of RSG's background is as follows:

- ▲ RSG was incorporated in Victoria on 26 June 2019.
- ▲ RSG's business provided administration services to the entities within the Richstone Group. We note that RSG did not have any external customers.
- ▲ RSG employed approximately five (5) to ten (10) staff.
- ▲ The Directors considered that RSG was, or would become, insolvent in the near future.
- ▲ On 3 March 2023, the Director resolved to appoint us as Joint and Several Administrators.

4.7.6 Explanation for Failure

RSG's Directors have attributed the failure of the company primarily to:

- ▲ Increased market pressure.
- ▲ Increase supply costs.

Administrators' Findings as to the Reasons for the RSG's Failure

We consider the following would have primarily attributed to RSG's demise:

- ▲ Insufficient revenue to meet fixed expenses.
- ▲ Poor economic circumstances.
- ▲ Impact of COVID shutdowns on construction sites

4.7.7 Company Records

We have reviewed RSG's records and financial statements to consider and identify any limits to our investigations. We are required to report any material failure to maintain records in accordance with Section 286 of the Act. Our review does not involve an audit or assurance review of the financial statements.

We have been able to take control of the records that we consider necessary to undertake our investigations and identify any material deficiencies in the completeness of RSG's records.

We are satisfied that RSG has substantially complied with its obligations to maintain proper financial records pursuant to Section 286 of the Act for the following reasons:

- ▲ We have had access to account statements for RSG's bank accounts and financial statements; and
- ▲ It appears RSG maintained adequate systems for recording information that would enable true and fair financial statements to be prepared and audited.

We note that RSG's available management accounts appear to be materially inaccurate in many aspects. On 28 April 2023, we wrote to the Directors to provide an explanation of the discrepancies, in particular, relating to assets including interest in land and motor vehicles. We did not receive a response to our queries.

However, absent any alternative financial reports or explanatory documents from the Directors or external accountant, we have proceeded with the available management accounts as the basis for our investigations.

4.7.8 Financial History

Set out in Annexure "H" is a summary of the reported financial position and performance of RSG for the financial years ended ("FY") 30 June 2020, 30 June 2021 and 30 June 2022 as well as the financial period ending 3 March 2023.

The summaries have been extracted from externally prepared financial statements.

We note that financial records have not been audited and we have not undertaken any verification work with respect to these financial statements. We are therefore unable to express a view as to the accuracy or completeness of RSG's accounts, or whether the figures contained in the accounts represent the true operational and financial position of RSG.

Our comments in relation to the summaries are as follows:

Balance Sheets

- RSG's major asset is reported as Trade Debtors in the amount of \$1.7 million as at the date of appointment. However, a review of the account indicates this debt is owed to RP, which is also subject to external administration and the prospects of recovery are uncertain.
- Similarly, RSG's other major asset is another related party loan owed by RAG for \$1.6 million as at the date of our appointment, which is also subject to external administration and the prospects of recovery are uncertain.
- RSG's reported liabilities to the ATO appear to be substantially understated with a refund balance of \$14,000 as at appointment. Our enquires indicate that the debt owed to the ATO is approximately \$1.4 million.
- The balance sheets does not record the substantial cross-collateralised and guaranteed debts within the Richstone Group, in particular debts owed to CBA for \$2.1M. This understates RSG's liabilities and does not provide an accurate reflection of its true financial position.
- The reported equity in RSG's accounts appears to have errors in the rolling balances after FY2020, where the retained earnings has been manually adjusted to improve RSG's financial position.

Profit and Loss Statements

- RSG's primary source of income was providing by provided administration services to the Richstone Group, notably RP. The major expense of RSG was the payroll expense which was approximately \$1.8 million in FY2020 and FY2021 and decreased to \$886,000 in FY2023. This reduction is consistent with the overall deterioration in trade for the Richstone Group.
- RSG received government funding (JobKeeper) of \$51,000 in FY2021 to assist with continued operations, where the COVID-19 pandemic substantially impacted the construction industry.
- RSG incurred losses from FY2020 to the date of our appointment, however, as the bulk of its revenues were generated within the Richstone Group, it is possible that not all revenues were reported and operating losses are overstated.

4.7.9 Enforcement Action

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.

We are not aware that RSG had any legal proceedings on foot at our appointment.

5 SALE OF BUSINESS

Subsequent to our appointment as Voluntary Administrators on 3 March 2023, we undertook an urgent assessment of the businesses of the Companies and formed the view that the Voluntary Administrations did not have the capacity to continue to trade.

The gross wage and salary expenses of the business totalled approximately \$500,000 per week and were due to be paid on 8 March 2023. We did not have sufficient cash on hand to meet these obligations.

We formed the view that a sale of the Companies' businesses and assets as a going concern would likely achieve the best outcome available for creditors generally. We note that a going concern sale would need to be negotiated, documented and completed by 8 March 2023.

If this did not occur, we would have no alternative but to terminate the employment of the staff and the Companies' businesses would have no prospect of resuming trading.

On 5 March 2023, we received an offer from Richstone Victoria Pty Ltd ("RV"), an entity associated with some or all of the directors of the Companies for the business and assets of the Richstone Group.

The offer from RV for the Companies' business and assets totalled \$5,079,430 and comprised of:

- ▲ The assumption of employee entitlements (except superannuation) totalling \$1,434,104.
- ▲ The assumption of CBA's debt of \$2,148,868 subject to a first ranking All Present and After Acquired Property security interest.
- ▲ The assumption of PMSI leases totalling approximately \$172,495.
- ▲ Payment of the secured debt to Timelio of approximately \$775,000.
- ▲ A decreasing adjustment of \$271,816 with respect to retentions that would not be novated to RV.
- ▲ An increasing adjustment of \$475,637 with respect to trade-on costs during the period up to the execution of the sale of business and asset contracts.
- ▲ Cash consideration of \$576,508.

Sales Consideration for businesses and assets

The Companies engaged an independent auctioneer to value of the Companies' tangible assets prior to our appointment as Voluntary Administrators. The RV offer for the Companies' tangible assets was at the going concern value of \$755,950. We note that the assumption of the PMSI leases ensured that the equity of the encumbered tangible assets was realised.

We also note that if we were required to auction the Companies' plant, equipment and motor vehicles, a return of approximately \$385,000, before costs would be expected.

The Companies also engaged an independent accounting firm to value the Companies' businesses and assets, such as stock and debtors, as a going concern prior to our appointment as Voluntary Administrators.

The independent accountant's assessment of the Companies' debtors and retentions included a discount factor of 30% with respect to outstanding debtors and retentions that would likely be unrecoverable.

The RV offer for the Companies' businesses and assets was \$4,303,480 pursuant to the valuation.

We note that the debtors factored by Timelio, totalling approximately \$775,000, were not subject to the RV offer as these debtors were to be remitted to Timelio in the ordinary course. We also note that debtors and retentions totalling \$271,816 were negatively adjusted from the sale consideration due to a primary contractor refusing to novate the agreement from RP to RV.

Employee Entitlements

We refer to section 6 of this Report and note that employee entitlements for unpaid wages, annual leave and long service leave totalling \$1,434,104 were assumed by RV.

We note that the superannuation is not a transferable debt and ranks as a priority claim

Assumption of secured debts

We refer to section 6 of this Report and note that the CBA's debt of \$2,148,868 was discharged on 5 April 2023.

We note that the Voluntary Administrators were never in possession and/or control of the assets subject to the PMSI leases. We advise that RV undertook to assign or pay out these lessors.

Trading during the Voluntary Administrations

During the course of negotiations and completion of the going concern of sale, payroll expenses were accrued during the Voluntary Administration despite the Voluntary Administrators not trading in any capacity.

We note that the increasing adjustment of \$475,637 was paid to compensate the Companies for the accrual of these liabilities relating to projects that were to be assigned to RV.

Cash Consideration

On 14 April 2023, RV remitted the cash consideration proportional to the value of the assets of the respective entities. We note that RP received \$490,094 and MPS received \$86,414 on this basis.

6 CURRENT POSITION**6.1 MODULAR PREFAB SOLUTIONS VIC PTY LTD**

Subsequent to our appointment, a notice was served on MPS's Director to prepare a Report on Company Activities and Property ("ROCAP")

The ROCAP lists MPS's assets and liabilities as at 3 March 2023, which was the date of the Voluntary Administration. The ROCAP does not take into account the Administrators'/Deed Administrators'/Liquidators' fees and disbursements, which rank as a priority under Section 556 of the Act.

A summary of the Director's ROCAP, our respective comments and Estimated Realisable Values (ERV) is below.

Annotated ROCAP	ROCAP Valuation (\$)	Estimated Realisable Value (\$)
ASSETS		
Cash at Bank / Cash on Hand	-	61
Plant & Equipment	-	-
Motor Vehicles	-	-
Stock	Uncertain	200,000
Material Contracts	-	-
Business IP	-	-
Work in Progress	Uncertain	520,625
Debtors	9,797	-
Related Party Debtors	9,200	Uncertain
Total Assets	18,997	720,686
LIABILITIES		
<u>Secured Creditors</u>		
CBA	-	2,148,868
Other Security Interest Holders	Uncertain	99,620
<u>Priority Creditors</u>		
Employee Entitlements	128,700	128,700
<u>Unsecured Creditors</u>		
Statutory Creditors	2,990,524	6,664,991
Trade Creditors	4,291,801	1,077,172
Related Party Creditors	14,988,545	Uncertain
	22,270,870	7,742,163
Total Liabilities	22,399,570	10,119,351
SURPLUS/DEFICIENCY	(22,380,573)	(9,398,665)

6.1.1 Assets

6.1.1.1 Cash at Bank / Cash on Hand

The Director's ROCAP discloses that MPS operated a bank account but does not disclose any details.

Following our appointment, we wrote to the major banks and requested that they undertake a search of their records to locate any accounts held in the name of MPS, and to impose a freeze on the accounts to prevent any outward payments.

Based on our enquires and the responses received to date, we have identified the following bank account in the name of MPS held with Commonwealth Bank of Australia ("CBA"):

Account Name	Balance	As at
CBA Business Transaction Account	\$84	28 February 2023

To date, we have received cash at bank of \$61 from CBA after it deducted monthly bank charges.

For the purposes of this Report, MPS's cash at bank totals \$61.

6.1.1.2 Tangible Assets

The Director's ROCAP disclosed that MPS owned tangible assets but did not provide an estimated realisable value.

We note that an independent valuation of MPS's tangible assets was undertaken on 28 February 2023. The valuation suggested that the MPS stock had a going concern value of at least \$200,000.

We note that the MPS tangible assets were subject to a sale of business and assets. Please refer to section 5 of this report for further details.

For the purposes of this Report, MPS's tangible assets total \$200,000.

6.1.1.3 Work In Progress

The Director's ROCAP does not disclose any amounts relating to work in progress of MPS.

We note that an independent valuation of MPS's work in progress was undertaken on 2 March 2023. The valuation suggested that the work in progress has a value of at least \$520,625.

We note that the MPS work in progress was subject to a sale of business and assets. Please refer to section 5 of this report for further details.

For the purposes of this Report, MPS's work in progress totals at least \$520,625.

6.1.1.4 Debtors

The MPS debtor ledger provided by the Director identifies outstanding debtors of \$9,797 as at the date of our appointment.

Our review of the debtor ledger suggests the outstanding debtor is subject to a credit note that was issued in February 2023 but not updated in the MPS accounts.

For the purposes of this Report, the realisable value of MPS's debtors is nil.

6.1.1.5 Related Party Debtors

MPS's debtor ledger provided by the Director identifies related party debtors of \$9,200 that remained outstanding as at the date of our appointment.

We have reviewed MPS's externally managed accounting records for the period 3 March 2021 to the date of our appointment, and bank statements for the period 1 September 2022 to the date of our appointment.

The findings of our preliminary investigations with respect to each related party debtor is detailed below:

Related Party	Purpose	Amount
Richstone Plumbing	Loan	\$200
Richstone Equipment Hire Trust	Loan	\$9,000

- Richstone Plumbing Pty Ltd (Administrators Appointed) ("RP")

MPS's balance sheet as at 3 March 2023 reveals that RP owes \$200 to MPS.

Our investigations have identified one (1) payment totalling \$200 from MPS to RP.

MPS's externally prepared accounts reveal that the balance of the RP loan account was nil at 30 June 2022.

We note that the prospect of a recovery to unsecured creditors of RP is uncertain at this time. For the purpose of this Report, the debtor loan account owed by RP does not appear to be recoverable.

- Richstone Plumbing VIC Pty Ltd ATF Richstone Equipment Hire Trust ("RP VIC")

MPS's balance sheet as at 3 March 2023 reveals that RP VIC owes \$9,000 to MPS.

Our investigations have not identified any cash payments with respect to this debtor loan account.

We note that the prospect of a recovery to unsecured creditors of RP VIC is uncertain at this time. For the purpose of this Report, the debtor loan account owed by RP VIC does not appear to be recoverable.

For the purposes of this Report, the realisable value of MPS's related party debtors is nil.

6.1.2 Liabilities

6.1.2.1 Secured Creditors

AFSA is the current responsible authority for the operation of the PPSR, a comprehensive nationwide register designed to facilitate the registration of security interests in personal property, pursuant to the PPSA.

The most fundamental premise of the legislation is the requirement that secured creditors register their security interests in order to enforce same in the event of insolvency.

A review of MPS's comprehensive PPSR records, maintained by AFSA, revealed that the following security interests were granted by MPS and registered as at the date of our appointment:

Secured party	Registration No.	Collateral Class	Date Registered
Commonwealth Bank of Australia	201702060014645	All PAP	6 February 2017
Drillcut Pty Ltd	202206010038689	Other Goods	1 June 2022
	202206010039530	Other Goods	1 June 2022
Pipeline Supplies Australia Pty Ltd	202101110024756	Other Goods	11 January 2021

Plumbers Supplies Co-Operative Limited	202210170015542	Other Goods	17 October 2022
Swiss Re International Se	202102190056167	All PAP	19 February 2021
The Couta Group Pty Limited	202302130050037	Other Goods	13 February 2023

Immediately upon our appointment, we wrote to the secured parties and requested details of their security interests.

- Commonwealth Bank of Australia ("CBA")

The PPSR reveals that CBA has an All-Present and After Acquired security interest registered against the property of MPS.

CBA advised that it was owed \$2,148,868 in relation to the loan facility to RP and that this debt was cross-collateralised across the Richstone Group.

For the purpose of this Report, CBA's debt as at the date of our appointment is \$2,148,868. I refer to section 5 of this Report and note that the CBA debt was discharged subsequent to the execution of the sale of business and assets.

- Plumbers Supplies Co-Operative Limited ("PSC")

The PPSR reveals that PSC has one (1) security interest registered against MPS.

PSC has provided us with documentation to support its claim and appears to have a perfected security interest registered against MPS.

PSC has advised it is owed \$22,880. We advise that the Purchaser of the business and assets of MPS undertook to pay out or assign the debt of security interest holders with an interest in the tangible assets subject to the sale of business and assets. Please refer to section 5 of this report for further details.

For the purpose of this Report, PSC's claim is \$22,880.

- Swiss Re International Se ("SI")

The PPSR reveals that SI has registered an All Present and After Acquired Property ("All-PAAP") against MPS.

SI has provided us with documentation to support its claim and appears to have a perfected security interest registered against MPS.

SI has advised it is owed \$76,740 by the Richstone Group but has not provided an individual breakdown for each entity.

For the purpose of this Report, SI's claim is \$76,740. I refer to section 5 of this Report and note that the SI debt was assumed by the Purchaser.

- The Couta Group Pty Limited ("TCG")

The PPSR reveals that TCG has one (1) security interest registered against MPS.

TCG has provided us with documentation to support its claim. Our preliminary review of the documentation suggests that the security interest was registered subsequent to stock being provided by MPS and would not attach to any of the MPS stock.

TCG has advised it is owed \$262,701 and may rank as unsecured creditor of MPS.

- Other Security Interest Holders

To date, we have not yet received a response from the following secured creditors:

- ▲ Drillcut Pty Ltd
- ▲ Pipeline Supplies Australia Pty Ltd

6.1.2.2 *Priority Creditors*

Creditors are advised that pursuant to Section 556 of the Act employees are afforded a priority over ordinary unsecured creditors of MPS for unpaid wages, superannuation contributions, annual leave, long service leave, pay in lieu of notice, and redundancy entitlements.

Furthermore, Section 556 of the Act states that related parties (including directors, shadow directors and their relatives) are only entitled to claim, as a priority, a maximum amount of \$2,000 in respect of unpaid wages and superannuation, and \$1,500 in respect of leave entitlements. In addition, redundancy entitlements of related parties are not entitled to rank as priority claims. Any amounts owed to related parties in excess of these statutory limits will rank equally with all other ordinary unsecured claims and have been isolated as non-priority components.

We refer to section 5 of this Report and note that all employees were transferred to the RV and their entitlements (except superannuation) were assumed by the purchaser.

The Director's ROCAP did not disclose details of outstanding employee entitlements.

Our review of MPS's books and records reveals that priority employee entitlements consist of:

Entitlements	Total (\$)
Superannuation	15,600
Unpaid Wages	16,959
Leave Entitlements	96,141
TOTAL	128,700

- Superannuation

MPS's records disclose \$6,800 of salary sacrifice and \$8,800 of lodged superannuation owed to employees up to the date of our appointment as Voluntary Administrators.

In accordance with Section 52 of the Superannuation Guarantee (Administration) Act 1992, any claim received from the ATO in relation to these amounts 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 note that superannuation entitlements cannot be transferred from an entity and remain a priority claim of MPS.

- Unpaid wages

Subsequent to our appointment as Voluntary Administrators, employee wages of \$16,959 were due.

We refer to section 5 of this Report and note that all unpaid wage entitlements were assumed to the Purchaser pursuant to the sale of MPS's business and assets.

- Leave Entitlements

MPS's records disclose \$96,141 of annual leave and long service leave entitlements as being owed to employees up to the date of our appointment as Voluntary Administrators.

We refer to section 5 of this Report and note that all leave entitlements were assumed to the Purchaser pursuant to the sale of MPS's business and assets.

Fair Entitlement Guarantee ("FEG")

Employees are eligible to apply to the Federal Government, which has established a safety net scheme known as the Fair Entitlement Guarantee ("FEG"), for payment of their outstanding entitlements in these circumstances.

The scheme is administered by the Attorney General's Department for eligible employees who have been terminated as a result of their employer's insolvency and are owed entitlements.

In order for an employee to be eligible to claim outstanding entitlements under FEG, they must meet one of the following conditions:

- ▲ The employee is terminated upon the appointment of an insolvency practitioner; or
- ▲ The employee is terminated by the company within six (6) months of 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 three months unpaid wages for the period prior to our appointment;
- ▲ Unpaid annual leave and long service leave;
- ▲ Up to a maximum of five weeks unpaid payment in lieu of notice;
- ▲ Up to a maximum of four 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 Director and related party creditors.

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

6.1.2.3 Statutory Claims

The Director's ROCAP discloses the Australian Taxation Office ("ATO") as a creditor in the amount of \$2,773,979.

The ATO has submitted a formal proof of debt in the amount of \$4,948,948 with respect to GST and Income Tax liabilities.

We note that \$1,851,840 of this debt relates to the consolidated income tax liabilities of other Richstone Group entities excluding RVIC.

The Director's ROCAP discloses the State Revenue Office of Victoria ("SRO") as a creditor in the amount of \$201,004.

The SRO has submitted a formal proof of debt in the amount of \$1,716,043 with respect to payroll tax debts incurred from 1 July 2019 in relation to MPS, RP and RSG.

For the purposes of this Report, we have attributed a value of \$6,664,991 with respect to MPS's statutory liabilities.

6.1.2.4 Trade Creditors

MPS's books and records discloses trade-creditors totalling \$4,291,801. We note that the trade creditor ledger includes statutory debts.

To date, four (4) creditors have submitted claims with the Voluntary Administration totalling \$780,509 and we are aware of eleven (11) trade creditors totalling \$33,962 as disclosed in the ROCAP.

We also refer to section 6.1.2.1 of this Report and note that the estimated unsecured claims of security interest holders is \$262,701.

As not all creditors have submitted Formal Proof of Debts to this office, the total amount of creditor claims may change upon receipt of such claims.

For the purposes of this Report, we determined that the debt owed to MPS's trade creditors total at least \$1,077,172.

6.1.2.5 Related Party Creditors

MPS's books and records reveal the following debts to related parties. The findings of our preliminary investigations with respect to each related party creditor is detailed below:

Related Party	Purpose	Amount
Richstone Plumbing	Loan	\$14,988,545

- Richstone Plumbing Pty Ltd (Administrators Appointed) ("RP")

We have reviewed MPS's accounting records for the period 3 March 2021 to the date of our appointment and MPS's bank statements for the period 1 September 2022 to the date of our appointment.

Our investigations have identified two (2) payments from the MPS to RP totalling \$13,000.

We note that the majority of the creditor loan account appears to relate to journal entries relating to payments of approximately \$5.1 million made by RP on behalf of MPS. We note that the records are limited with respect to explaining these transactions.

For the purposes of this Report, the value of the RP creditor loan account is uncertain.

6.1.3 Receipts and Payments Since Appointment

Enclosed as **Annexure “B”** is a summary of the Receipts and Payments for the period 3 March 2023 to 31 May 2023.

6.2 RICHSTONE ADMINISTRATION PTY LTD

Subsequent to our appointment, a notice was served on RA’s Directors to prepare a Report on Company Activities and Property (“ROCAP”)

The ROCAP lists RA’s assets and liabilities as at 3 March 2023, which was the date of the Voluntary Administration. The ROCAP does not take into account the Administrators’/Deed Administrators’/Liquidators’ fees and disbursements, which rank as a priority under Section 556 of the Act.

A summary of the Directors’ ROCAP, our respective comments and Estimated Realisable Values (ERV) is below.

Annotated ROCAP	ROCAP Valuation (\$)	Estimated Realisable Value (\$)
ASSETS		
Cash at Bank / Cash on Hand	-	-
Retentions	-	-
Motor Vehicles	-	-
Stock	-	-
Material Contracts	-	-
Business IP	-	-
Debtors	-	-
Total Assets	-	-
LIABILITIES		
<u>Secured Creditors</u>		
CBA	-	2,148,868
Other Security Interest Holders	Uncertain	76,740
<u>Priority Creditors</u>		
Employee Entitlements	-	-
<u>Unsecured Creditors</u>		
Statutory Creditors	-	1,851,840
Trade Creditors	-	-
Related Party Creditors	-	-
	-	1,851,840
Total Liabilities	-	4,077,448
SURPLUS/DEFICIENCY	-	(4,077,448)

6.2.1 Assets

6.2.1.1 Cash at Bank / Cash on Hand

The Directors' ROCAP discloses that RA operated a bank account but does not disclose any details.

Following our appointment, we wrote to the major banks and requested that they undertake a search of their records to locate any accounts held in the name of RA, and to impose a freeze on the accounts to prevent any outward payments.

Based on our enquires and the responses received to date, we have identified the following closed bank account in the name of RA held with Commonwealth Bank of Australia ("CBA"):

Account Name	Balance	Closed as at
CBA Business Transaction Account	\$0.00	12 April 2021

For the purposes of this Report, RA's cash at bank is nil.

Our investigations have not identified any other assets of RA.

6.2.2 Liabilities

6.2.2.1 Secured Creditors

AFSA is the current responsible authority for the operation of the PPSR, a comprehensive nationwide register designed to facilitate the registration of security interests in personal property, pursuant to the PPSA.

The most fundamental premise of the legislation is the requirement that secured creditors register their security interests in order to enforce same in the event of insolvency.

A review of RA's comprehensive PPSR records, maintained by AFSA, revealed that the following security interests were granted by RA and registered as at the date our appointment:

Secured party	Registration No.	Collateral Class	Date Registered
Commonwealth Bank of Australia	201112211954811	All PAP	30 January 2012
	201203300157527	All PAP	30 March 2012
Swiss Re International Se	202102190056167	All PAP	19 February 2021

Immediately upon our appointment, we wrote to the secured parties and requested details of their security interests.

- Commonwealth Bank of Australia ("CBA")

The PPSR reveals that CBA has two (2) All-Present and After Acquired security interest registered against the property of RA.

CBA advised that it was owed \$2,148,868 in relation to the loan facility to RP and that this debt was cross-collateralised across the Richstone Group.

For the purpose of this Report, CBA's debt as at the date of our appointment is \$2,148,868. I refer to section 5 of this Report and note that the CBA debt was discharged subsequent to the execution of the sale of business and assets.

- Swiss Re International Se ("SI")

The PPSR reveals that SI has registered an All Present and After Acquired Property ("All-PAAP") against RA.

SI has provided us with documentation to support its claim and appears to have a perfected security interest registered against RA.

SI has advised it is owed \$76,740 by the Richstone Group but has not provided an individual breakdown for each entity.

For the purpose of this Report, SI's claim is \$76,740. I refer to section 5 of this Report and note that the SI debt was assumed by the Purchaser.

6.2.2.2 *Priority Creditors*

Creditors are advised that pursuant to Section 556 of the Act employees are afforded a priority over ordinary unsecured creditors of RA for unpaid wages, superannuation contributions, annual leave, long service leave, pay in lieu of notice, and redundancy entitlements.

Furthermore, Section 556 of the Act states that related parties (including directors, shadow directors and their relatives) are only entitled to claim, as a priority, a maximum amount of \$2,000 in respect of unpaid wages and superannuation, and \$1,500 in respect of leave entitlements. In addition, redundancy entitlements of related parties are not entitled to rank as priority claims. Any amounts owed to related parties in excess of these statutory limits will rank equally with all other ordinary unsecured claims and have been isolated as non-priority components.

The Director's ROCAP does not reveal any outstanding employee entitlements.

Our investigations to date have not revealed any outstanding employee entitlements.

For the purposes of this Report, priority creditors appear to be nil.

6.2.2.3 *Statutory Claims*

The Directors' ROCAP does not disclose the ATO as a creditor.

The ATO has submitted a formal proof of debt in the amount of \$1,851,840 with respect to Income Tax liabilities.

We note that this claim relates to the consolidated income tax liabilities of other Richstone Group entities excluding RVIC.

Subsequent to our appointment, we wrote to the SRO but have not yet received a response with respect to outstanding payroll or land tax at this time.

For the purposes of this Report, we have attributed a value of \$1,851,840 with respect to RA's statutory liabilities.

6.2.2.4 *Trade Creditors*

The Directors' ROCAP does not disclose any amounts outstanding to trade creditors.

To date, we have not received any trade creditor claims at this time.

For the purposes of this Report, trade creditors appear to be nil.

6.2.2.5 *Related Party Creditors*

The Directors' ROCAP does not disclose any amounts outstanding to related party creditors.

To date, we have not received any related party claims at this time.

For the purposes of this Report, related party creditors appear to be nil.

6.2.3 Receipts and Payments Since Appointment

Enclosed as **Annexure “B”** is a summary of the Receipts and Payments for the period 3 March 2023 to 31 May 2023.

6.3 RICHSTONE AUSTRALIA GROUP PTY LTD (“RAG”)

Subsequent to our appointment, a notice was served on RAG’s Directors to prepare a Report on Company Activities and Property (“ROCAP”)

The ROCAP lists RAG’s assets and liabilities as at 3 March 2023, which was the date of the Voluntary Administration. The ROCAP does not take into account the Administrators’/Deed Administrators’/Liquidators’ fees and disbursements, which rank as a priority under Section 556 of the Act.

A summary of the Directors’ ROCAP, our respective comments and Estimated Realisable Values (ERV) is below.

Annotated ROCAP	ROCAP Valuation (\$)	Estimated Realisable Value (\$)
ASSETS		
Cash at Bank / Cash on Hand	-	-
Plant and Equipment	-	-
Motor Vehicles	-	-
Stock	-	-
Material Contracts	-	-
Business IP	-	-
Debtors	-	-
Related Party Debtors	409,509	Uncertain
Total Assets	409,509	-
LIABILITIES		
<u>Secured Creditors</u>		
CBA	-	2,148,868
Other Security Interest Holders	Uncertain	76,740
<u>Priority Creditors</u>		
Employee Entitlements	-	-
<u>Unsecured Creditors</u>		
Statutory Creditors	1,836,593	1,851,840
Trade Creditors	-	222,106
Related Party Creditors	2,196,510	982,000
	4,033,103	3,055,946
Total Liabilities	4,033,103	5,281,554
SURPLUS/DEFICIENCY	(3,623,594)	(5,281,554)

6.3.1 Assets

6.3.1.1 Cash at Bank / Cash on Hand

The Directors' ROCAP discloses that RAG held a bank account but does not disclose any details of the account.

Following our appointment, we wrote to the major banks and requested that they undertake a search of their records to locate any accounts held in the name of RAG, and to impose a freeze on the accounts to prevent any outward payments.

Based on our enquires and the responses received to date, we have not identified any bank accounts in the name of RAG.

For the purposes of this Report, RAG's cash at bank is nil.

Our investigations have not identified any assets of RAG.

6.3.1.2 Related Party Debtors

Our review of the RAG books and records identified a balance sheet as at 31 December 2022. On 28 April 2023, we wrote to the Directors requesting the accounting files that supported this financial statement but not received a response.

We note that our investigations with respect to the related party debtors of RAG have been limited due to the lack of records and we are unable to comment of the validity of these debts owed to RAG.

The records in our possession identify the following related party debtors:

Related Party	Purpose	Amount
Richstone Plumbing	Loan	\$285,071
Richstone Equipment Hire Trust	Loan	\$124,438

I note that RP and RP VIC are subject to external administration and the prospect of a recovery to unsecured creditors of RP VIC or RP is uncertain at this time.

For the purpose of this Report, the value of RAG's debtor loan accounts is nil.

6.3.2 Liabilities

6.3.2.1 Secured Creditors

AFSA is the current responsible authority for the operation of the PPSR, a comprehensive nationwide register designed to facilitate the registration of security interests in personal property, pursuant to the PPSA.

The most fundamental premise of the legislation is the requirement that secured creditors register their security interests in order to enforce same in the event of insolvency.

A review of RAG's comprehensive PPSR records, maintained by AFSA, revealed that the following security interests were granted by RAG and registered as at the date our appointment:

Secured party	Registration No.	Collateral Class	Date Registered
Commonwealth Bank of Australia	201401240010923	All PAP	24 January 2014
Scottish Pacific Business Finance Pty. Limited	201805140039811	All PAP	14 May 2018
Swiss Re International Se	202102190056167	All PAP	19 February 2021
Timelio Pty Ltd	201906130056020	Account	13 June 2019
The Couta Group Pty Limited	202302130049636	Other Goods	13 February 2023

Immediately upon our appointment, we wrote to the secured parties and requested details of their security interests.

- Commonwealth Bank of Australia ("CBA")

The PPSR reveals that CBA has an All-Present and After Acquired security interest registered against the property of RAG.

CBA advised that it was owed \$2,148,868 in relation to the loan facility to RP and that this debt was cross-collateralised across the Richstone Group.

For the purpose of this Report, CBA's debt as at the date of our appointment is \$2,148,868. I refer to section 5 of this Report and note that the CBA debt was discharged subsequent to the execution of the sale of business and assets.

- Swiss Re International Se ("SI")

The PPSR reveals that SI has registered an All Present and After Acquired Property ("All-PAAP") against the property of RAG.

SI has provided us with documentation to support its claim and appears to have a perfected security interest registered against RAG.

SI has advised it is owed \$76,740 by the Richstone Group but has not provided an individual breakdown for each entity.

For the purpose of this Report, SI's claim is \$76,740. I refer to section 5 of this Report and note that the SI debt was assumed by the Purchaser.

- The Couta Group Pty Limited

The PPSR reveals that TCG has one (1) security interest registered against the property of RAG.

TCG has provided us with documentation to support its claim. Our preliminary review of the documentation suggests that the security interest was registered subsequent to stock being provided by RAG and would not attach to any of the RAG stock.

TCG has advised it is owed \$78,354 and may rank as unsecured creditor of RAG.

- Other Security Interest Holders

I note that Scottish Pacific Business Finance Pty. Limited has confirmed that it is not owed a debt by RAG and has discharged its security interest.

To date, we have not yet received a response from the Timelio Pty Ltd with respect to this matter.

6.3.2.2 *Priority Creditors*

Creditors are advised that pursuant to Section 556 of the Act employees are afforded a priority over ordinary unsecured creditors of RAG for unpaid wages, superannuation contributions, annual leave, long service leave, pay in lieu of notice, and redundancy entitlements.

Furthermore, Section 556 of the Act states that related parties (including directors, shadow directors and their relatives) are only entitled to claim, as a priority, a maximum amount of \$2,000 in respect of unpaid wages and superannuation, and \$1,500 in respect of leave entitlements. In addition, redundancy entitlements of related parties are not entitled to rank as priority claims. Any amounts owed to related parties in excess of these statutory limits will rank equally with all other ordinary unsecured claims and have been isolated as non-priority components.

The Director's ROCAP does not reveal any outstanding employee entitlements.

Our investigations to date have not revealed any outstanding employee entitlements.

For the purposes of this Report, priority creditors appear to be nil.

6.3.2.3 Statutory Claims

The RAG books and records disclose the ATO as a creditor in the amount of \$1,836,593.

The ATO has submitted a formal proof of debt in the amount of \$1,851,840 with respect to Income Tax liabilities.

We note that this debt relates to the consolidated income tax liabilities of other Richstone Group entities excluding RVIC.

Subsequent to our appointment, we wrote to the SRO regarding outstanding land and payroll tax but we have not yet received a response.

For the purposes of this Report, we have attributed a value of \$1,851,840 with respect to RAG's statutory liabilities.

6.3.2.4 Trade Creditors

The Director's ROCAP does not disclose any amounts outstanding to trade creditors.

To date, seven (7) trade creditors have submitted claims with the Voluntary Administration totalling \$143,752.

We also refer to section 6.3.2.1 of this Report and note that the estimated unsecured claims of security interest holders is \$78,354.

For the purposes of this Report, we have attributed a value of \$222,106 with respect to RAG's trade creditors.

6.3.2.5 Related Party Creditors

Our review of the RAG books and records identified a balance sheet as at 31 December 2022. On 28 April 2023, we wrote to the Directors requesting the accounting files that supported this financial statement but not received a response.

The records in our possession identify the following related party creditors:

Related Party	Purpose	Amount
RSG Business Services Pty Ltd	Loan	\$1,668,679
Jutland Management Group Pty Ltd	Loan	\$527,831

We note that our investigations with respect to the related party creditors of RAG have been limited due to the lack of records and we are unable to comment of the validity of these debts owed by RAG.

I refer to the related entity, Major Crane Logistics Pty Ltd ("MCL") and advise that Mr Liam William Paul Bellamy of RRI Advisory was appointed Voluntary Administrator of MCL on 1 May 2023.

The Voluntary Administrator of MCL has submitted a proof of debt in the amount of \$982,000 in relation to a loan account owed by RAG.

For the purposes of this Report, related party creditors are at least \$982,000.

6.3.3 Receipts and Payments Since Appointment

Enclosed as **Annexure "B"** is a summary of the Receipts and Payments for the period 3 March 2023 to 31 May 2023

6.4 RICHSTONE PLUMBING PTY LTD ("RP")

Subsequent to our appointment, a notice was served on RP's Directors to prepare a Report on Company Activities and Property ("ROCAP")

The ROCAP lists RP's assets and liabilities as at 3 March 2023, which was the date of the Voluntary Administration. The ROCAP does not take into account the Administrators'/Deed Administrators'/Liquidators' fees and disbursements, which rank as a priority under Section 556 of the Act.

A summary of the Director's ROCAP, our respective comments and Estimated Realisable Values (ERV) is below.

Annotated ROCAP	ROCAP Valuation (\$)	Estimated Realisable Value (\$)
ASSETS		
Cash at Bank / Cash on Hand	-	-
Plant & Equipment	Uncertain	377,975
Motor Vehicles	-	-
Stock	Uncertain	237,500
Material Contracts	-	-
Business IP	-	-
Work in Progress	1,201,670	1,201,670
Debtors	2,579,234	1,622,810
Related Party Debtors	24,561,358	Uncertain
Total Assets	28,342,262	3,439,955
LIABILITIES		
<u>Secured Creditors</u>		
CBA	2,091,888	2,148,868
Other Security Interest Holders	Uncertain	933,498
<u>Priority Creditors</u>		
Employee Entitlements	1,580,809	1,827,918
<u>Unsecured Creditors</u>		
Statutory Creditors	14,531,315	16,455,923
Trade Creditors	18,539,656	7,394,733
Related Party Creditors	2,650,901	Uncertain
	35,721,871	23,850,655
Total Liabilities	39,394,568	28,760,939
SURPLUS/DEFICIENCY	(11,052,306)	(25,320,984)

6.4.1 Assets

6.4.1.1 Cash at Bank / Cash on Hand

The Directors' ROCAP discloses that RP held a bank account but does not disclose any details.

Following our appointment, we wrote to the major banks and requested that they undertake a search of their records to locate any accounts held in the name of RP, and to impose a freeze on the accounts to prevent any outward payments.

Based on our enquires and the responses received to date, we have identified the following bank account in the name of RP held with Commonwealth Bank of Australia ("CBA"):

Account Name	Balance	As at
CBA Business Online Saver	\$4,639	13 March 2023
CBA Cheque Account Bearing Interest	(\$989,065)	10 March 2023

On 12 April 2023, we requested that the balance of the accounts to be remitted to our Administrators' RP bank account. To date, we have not received a response from CBA.

For the purposes of this Report, RP's cash at bank appears to be nil.

6.4.1.2 Tangible assets

The Director's ROCAP disclosed RP owned tangible assets but did not provide an estimated realisable value.

We note that an independent valuation of RP's tangible assets was undertaken on 28 February 2023. The valuation suggested that the stock had a going concern value of at least \$237,500 and the plant and equipment had a going concern value of at least \$377,975.

We note that the RP tangible assets were subject to a sale of business and assets. Please refer to section 5 of this report for further details.

For the purposes of this Report, RP's tangible assets total \$615,475.

6.4.1.3 Work In Progress

The Director's ROCAP does not disclose any amounts relating to work in progress of RP.

We note that an independent valuation of RP's work in progress was undertaken on 2 March 2023. The valuation suggested that the work in progress had a going concern value of at least \$1,201,670.

We note that the estimated realisable value of RP's work in progress is subject to the sale of the RP's business and assets. Please refer to section 5 of this report for further details.

For the purposes of this Report, RP's work in progress totals at least \$1,201,670.

6.4.1.4 Debtors

RP's debtor ledger provided by the Directors identifies debtors of \$2,579,234 that remained outstanding as at the date of our appointment.

We note that an independent valuation of RP's business was undertaken on 2 March 2023. The valuation suggested that RP's debtors have a realisable value of at least \$1,622,810.

We note that the RP debtors were assigned pursuant to the going concern sale of business and assets. Please refer to section 5 of this report for further details.

For the purposes of this Report, the realisable value of RP's debtors is \$1,622,810.

6.4.1.5 Related Party Debtors

We have undertaken a review of the RP's financial records for the period 3 March 2021 to the date of our appointment and a review of the RP's bank account statements from 1 September 2022 to 28 February 2023.

The findings of our preliminary investigations with respect to the related party debtors is provided below:

Related Party	Purpose	Amount
Shannon Leigh Egglestone	Loan	\$3,000
Hayden Richardson	Loan	\$138,884
Richstone Administration	Loan	\$1,990,308
Richstone Superfund	Loan	\$49,000
Richstone Civil P/L	Loan	\$21,321
Pro-Fit Plumbing & Main	Loan	\$20,346
Modular Prefab	Loan	\$14,509,142
RSG Business Services	Loan	\$7,071,612
Modular Design	Loan	\$757,745

- Shannon Leigh Egglestone ("Shannon")

The books and records reveal Shannon is a related party debtor in the amount of \$3,000.

We note that Shannon is a current director of RP.

We have reviewed RP's accounting records for the period 3 March 2021 to the date of our appointment. Our investigations have not identified any transactions in relation to this loan account during this period.

For the purposes of this Report, the realisable value of the Shannon debtor loan account is uncertain.

- Hayden Richardson ("Hayden")

We note that Hayden is a former director of RP and is disclosed as a debtor for \$138,884

We have reviewed RP's accounting records for the period 3 March 2021 to the date of our appointment.

Our investigations have not identified any transactions in relation to the Hayden loan account during this period.

We note that investigations into the nature of this related party debtor account are ongoing.

For the purposes of this Report, the realisable value of the Hayden debtor loan account is uncertain.

- Richstone Administration Pty Ltd (Administrators Appointed) ("RA")

The books and records reveal RA is a related party debtor in the amount of \$1,990,308.

We have reviewed RP's accounting records for the period 3 March 2021 to the date of our appointment.

Our investigations have not identified any transactions in relation to the RA loan account during this period.

We note that investigations into the nature of this related party debtor account are ongoing.

We note that RA is subject to external administration and the prospect of a recovery to unsecured creditors of RA is uncertain at this time.

- Richstone Superfund ("RS")

The books and records reveal RS is a related party debtor in the amount of \$49,000.

We have reviewed RP's accounting records for the period 3 March 2021 to the date of our appointment.

Our investigations have not identified any transactions in relation to the RS loan account during this period.

We note that investigations into the nature of this related party debtor account are ongoing.

For the purposes of this Report, the realisable value of the RS related party debtor is uncertain.

- Richstone Civil Pty Ltd ("RC")

The books and records reveal RC is a related party debtor in the amount of \$21,321.

We have reviewed RP's accounting records for the period 3 March 2021 to the date of our appointment.

Our investigations have not identified any transactions in relation to the RC loan account during this period.

We note that investigations into the nature of this related party debtor account are ongoing.

For the purposes of this Report, the realisable value of the RC related party debtor is uncertain.

- Pro-Fit Plumbing & Maintenance Pty Ltd ("PF")

The books and records reveal PF is a related party debtor in the amount of \$20,346.

RP's externally prepared accounts reveal that the PF debtor loan account increased by \$3,884 but we have not sighted any cash payments in the RP bank account statements.

We note that investigations into the nature of this related party debtor account are ongoing.

For the purposes of this Report, the realisable value of the PF debtor loan account is uncertain.

- Modular Prefab Solutions Pty Ltd (Administrators Appointed) ("MPS")

The books and records reveal MPS is a related party debtor in the amount of \$14,509,142.

We have reviewed RP's accounting records for the period 3 March 2021 to the date of our appointment.

Our investigations have identified two-hundred and ninety-one (291) payments from RP totalling approximately \$11.5 million applied to the MPS loan account. Our review of the bank account statements have sighted seventy-six (76) payments totalling approximately \$1.1 million.

Our investigations have identified eighteen (18) repayments of the loan account totalling approximately \$5.8 million. We have only sighted five (5) repayments totalling \$15,991 in the RP bank account statements.

We note that MPS is subject to external administration and the prospect of a recovery to unsecured creditors of MPS is uncertain at this time.

We note that our investigations into the nature of this loan account are ongoing.

- RSG Business Services Pty Ltd (Administrators Appointed) ("RSG")

The books and records reveal RSG is a related party debtor in the amount of \$7,071,612.

We have reviewed RP's accounting records for the period 3 March 2021 to the date of our appointment.

Our investigations have identified three-hundred and twenty-four (324) payments from RP totalling \$4,558,487 applied to the RSG loan account. Our review of the bank account statements have identified ninety-five (95) payments totalling approximately \$1 million.

Our investigations have identified five (5) payments to RP totalling \$748,973 applied to the RSG loan account. We note that these payments have not been sighted in the RP bank statements available to us.

We note that RSG is subject to external administration and the prospect of a recovery to unsecured creditors of RSG is uncertain at this time.

We note that our investigations into the nature of this loan account are ongoing.

- Modular Design Pty Ltd ("MD")

The books and records reveal MD is a related party debtor in the amount of \$757,745.

We have reviewed RP's accounting records for the period 3 March 2021 to the date of our appointment.

Our investigations have identified ninety (90) payments from RP totalling \$819,478 applied to the MD loan account. Our review of the bank statements have identified twenty-nine (29) of these payments totalling approximately \$271,000.

Our investigations have also identified five (5) receipts to RP totalling \$31,732 applied to the MD loan account. Our review of the bank statements have identified three (3) of these receipts totalling approximately \$25,000.

We note that our investigations into the nature of this loan account are ongoing.

6.4.2 Liabilities

6.4.2.1 Secured Creditors

AFSA is the current responsible authority for the operation of the PPSR, a comprehensive nationwide register designed to facilitate the registration of security interests in personal property, pursuant to the PPSA.

The most fundamental premise of the legislation is the requirement that secured creditors register their security interests in order to enforce same in the event of insolvency.

A review of RP's comprehensive PPSR records, maintained by AFSA, revealed that the following security interests were granted by RP and registered as at the date our appointment:

Secured party	Registration No.	Collateral Class	Date Registered
Adapt-A-Lift Group Pty Ltd	201707070060644	Motor Vehicle	7 July 2017
	201707070060659	Other Goods	7 July 2017
Advanced Piping Group Pty Ltd	202109130063832	Other Goods	13 September 2021
AKS Industries Australia Pty Ltd	201804160012414	Other Goods	16 April 2018
Alfasi Equipment Hire Pty Ltd	202210180059501	Other Goods	18 October 2022
Apex Building Products Pty Ltd	201401280156546	Other Goods	28 January 2014
Automatic Heating Global Pty Ltd	202109090055209	Other Goods	9 September 2021
Bluescope Steel Limited	201202200070257	Other Goods	20 February 2012
BOC Limited	201912170032468	Other Goods	17 December 2019
Buildingpoint Australia Pty Ltd	201709180072879	Other Goods	18 September 2017
	201709180073078	Other Goods	18 September 2017
Centre Hardware Supply (Sales) Pty. Limited	201910290081579	Other Goods	29 October 2019
Coates Hire Operations Pty Limited	201710110042626	Other Goods	11 October 2017
	201710110042635	Motor Vehicle	11 October 2017
Commonwealth Bank of Australia	201112180526346	All PAP	18 December 2011
	201203190152329	All PAP	19 March 2012
Drillcut Pty Ltd	202206010039422	Other Goods	1 June 2022
	202206010039595	Other Goods	1 June 2022
E.B. Mawson & Sons Proprietary Limited	202202190008446	Other Goods	19 February 2022
Gatic Pty Limited	202109150038859	Other Goods	15 September 2021
Hilti (Aust.) Pty Ltd	202208170007992	Other Goods	17 August 2022
Hygrade Water Australia Limited Partnership	202208160026834	Other Goods	16 August 2022
ITW Australia Pty Ltd	201607120068979	Other Goods	12 February 2016
Keistand Pty. Limited	201910100037116	Other Goods	10 October 2019
Kingspan Water & Energy Pty Limited	201401110011165	Other Goods	11 January 2014
Metal Manufactures Pty Limited	201805150026388	Other Goods	15 May 2018
Metroll Victoria Pty Limited	202012180018836	Other Goods	18 December 2020
Pipeline Supplies Australia Pty Ltd	202101110024804	Other Goods	11 January 2021
Plumbers Supplies Co-Operative Limited	202206200014408	Other Goods	20 June 2022
Proquip Rental & Sales Operations Pty Ltd	202205270060894	Motor Vehicle	27 May 2022
	202205270060904	Account	27 May 2022
	202205270060915	Other Goods	27 May 2022
Pump & Electrical Engineering Services Pty Ltd	202010140029975	All PAP	14 October 2020
Reece Australia Pty Ltd	201401310323109	Other Goods	31 January 2014
	201401310346303	Other Goods	31 January 2014
	201903210053487	All PAP	21 March 2019
Site Safe (VIC) Pty Ltd	202009210046393	Other Goods	21 September 2020
Skyreach (VIC) Pty Limited	201711230051468	Other Goods	23 November 2017
	201711230051680	Motor Vehicle	23 November 2017
Swiss Re International Se	202102190056167	All PAP	19 February 2021
Timelio Pty Ltd	201903180064786	All PAP	18 March 2019
	201904090007716	Account	9 April 2019
Xylem Water Solutions Australia Limited	201401200075143	Other Goods	20 January 2014

Immediately upon our appointment, we wrote to the secured parties and requested details of their security interests.

- Alfasi Equipment Hire Pty Ltd ("AEH")

The PPSR reveals that AEH has registered one (1) security interest against the property RP.

AEH has provide us with documentation to support its claim and appears to have a perfected security interest registered against RP.

AEH has advised it is owed \$51,989. We advise that the Purchaser of the business and assets of RP undertook to pay out or assign the debt of security interest holders with an interest in the tangible assets subject to the sale of business and assets. Please refer to section 5 of this report for further details.

For the purposes of this report, AEH's claim is \$51,989.

- BOC Limited ("BOC")

The PPSR reveals that BOC has registered one (1) security interest against the property of RP.

BOC has provided us with documentation to support its claim and appears to have a perfected security interest registered against RP.

BOC has advised it is owed \$15,267. We advise that the Purchaser of the business and assets of RP undertook to pay out or assign the debt of security interest holders with an interest in the tangible assets subject to the sale of business and assets. Please refer to section 5 of this report for further details.

For the purposes of this report, BOC's claim is \$15,267.

- Centre Hardware Supply (Sales) Pty. Limited ("CHS")

The PPSR reveals that CHS has registered one (1) security interest against the property of RP.

CHS has provided us with documentation to support its claim and appears to have an unperfected security interest.

CHS has advised it is owed \$423,390 and this may rank as unsecured claim against RP.

- Coates Hire Operations Pty Limited ("CHO")

The PPSR reveals that CHO has registered two (2) security interests against the property of RP.

CHO has provided us with documentation to support its claim and appears to have perfected security interests registered against RP.

CHO has advised it is owed \$57,112. We advise that the Purchaser of the business and assets of RP undertook to pay out or assign the debt of security interest holders with an interest in the tangible assets subject to the sale of business and assets. Please refer to section 5 of this report for further details.

For the purposes of this Report, CHO's claim is \$57,112.

- Commonwealth Bank of Australia ("CBA")

The PPSR reveals that CBA has two (2) All-Present and After Acquired security interest registered against the property of RP.

CBA advised that it was owed \$2,148,868 in relation to the loan facility to RP and that this debt was cross-collateralised across the Richstone Group.

For the purpose of this Report, CBA's debt as at the date of our appointment is \$2,148,868. I refer to section 5 of this Report and note that the CBA debt was discharged subsequent to the execution of the sale of business and assets.

- E.B. Mawson & Sons Proprietary Limited ("EB")

The PPSR reveals that EB has registered one (1) security interest against the property of RP.

EB has provided us with documentation to support its claim and appears to have a perfected security interest registered against RP.

EB has advised that it is owed \$41,805. We advise that the Purchaser of the business and assets of RP undertook to pay out or assign the debt of security interest holders with an interest in the tangible assets subject to the sale of business and assets. Please refer to section 5 of this report for further details.

For the purposes of this Report, EB's claim \$41,805.

- Hilti (Aust.) Pty. Ltd. ("HA")

The PPSR reveals that HA has registered one (1) security interest against the property of RP.

HA has provided us with documentation to support its claim and appears to have a perfected security interest registered against RP.

The Director's ROCAP discloses HA is owed \$2,201. HA has not yet confirmed its outstanding debt. We advise that the Purchaser of the business and assets of RP undertook to pay out or assign the debt of security interest holders with an interest in the tangible assets subject to the sale of business and assets. Please refer to section 5 of this report for further details.

For the purposes of this Report, HA's claim \$2,201.

- Hygrade Water Australia Limited Partnership ("HWA")

The PPSR reveals that HWA has registered one (1) security interest against the property of RP.

HWA has provided us with documentation to support its claim and appears to have a perfected security interest registered against RP.

HWA has advised it is owed \$15,170. We advise that the Purchaser of the business and assets of RP undertook to pay out or assign the debt of security interest holders with an interest in the tangible assets subject to the sale of business and assets. Please refer to section 5 of this report for further details.

For the purposes of this Report, HWA's claim is \$15,170.

- Plumbers Supplies Co-Operative Limited ("PSC")

The PPSR reveals that PSC has registered one (1) security interest against the property of RP.

PSC has provided us with documentation to support its claim and appears to have a perfected security interest registered against RP.

PSC has advised it is owed \$61,740. We advise that the Purchaser of the business and assets of RP undertook to pay out or assign the debt of security interest holders with an interest in the tangible assets subject to the sale of business and assets. Please refer to section 5 of this report for further details.

For the purposes of this Report, PSC's claim is \$61,740.

- Proquip Rental & Sales Operations Pty Ltd ("PRSO")

The PPSR reveals that PRSO has registered three (3) security interests against the property of RP.

PRSO has provided us with documentation to support its claim and appears to have perfected security interests registered against RP.

PRSO has advised it is owed \$513,508. We advise that the Purchaser of the business and assets of RP undertook to pay out or assign the debt of security interest holders with an interest in the tangible assets subject to the sale of business and assets. Please refer to section 5 of this report for further details.

For the purposes of this Report, PRSO's claim is \$513,508.

- Reece Australia Pty Ltd ("RA")

The PPSR reveals that RA has registered an All Present and After Acquired Property ("All-PAAP") as well two (2) Purchase Money security interests registered against the property of RP.

RA has provided us with documentation to support its claim. I note that this matter is ongoing.

RA has advised it is owed \$97,966. We advise that the Purchaser of the business and assets of RP undertook to pay out or assign the debt of security interest holders with an interest in the tangible assets subject to the sale of business and assets. Please refer to section 5 of this report for further details.

For the purposes of this Report, RA's claim is \$97,966.

- Swiss Re International Re ("SI")

The PPSR reveals that SI has registered an All Present and After Acquired Property ("All-PAAP") against the property of RP.

SI has provided us with documentation to support its claim and appears to have a valid interest registered against RP.

SI has advised it is owed \$76,740 by the Richstone Group but has not provided an individual breakdown for each entity.

For the purpose of this Report, SI's claim is \$76,740. I refer to section 5 of this Report and note that the SI debt was assumed by the Purchaser.

- Other Security Interest Holders

To date, the following parties have confirmed that they do not have any outstanding debts owed by RP and have discharged their security interests:

- ▲ Adapt-A-Lift Group Pty Ltd
- ▲ Apex Building Products Pty Ltd
- ▲ Automatic Heating Global Pty Ltd
- ▲ Bluescope Steel Limited
- ▲ Gatic Pty Limited
- ▲ ITW Australia Pty Ltd
- ▲ Keistand Pty. Limited
- ▲ Kingspan Water & Energy Pty Limited
- ▲ Metal Manufactures Pty Limited
- ▲ Metroll Victoria Pty Limited
- ▲ Site Safe (VIC) Pty Limited
- ▲ Skyreach (VIC) Pty Limited

We have not yet received a response from the following secured creditors:

- ▲ Advanced Piping Group Pty Ltd
- ▲ AKS Industries Australia Pty Ltd
- ▲ Buildingpoint Australia Pty Ltd
- ▲ Drillcut Pty Ltd
- ▲ Pipeline Supplies Australia Pty Ltd
- ▲ Pump & Electrical Engineering Services Pty Ltd
- ▲ Timelio Pty Ltd
- ▲ Xylem Water Solutions Australia Limited

6.4.2.2 *Priority Creditors*

Creditors are advised that pursuant to Section 556 of the Act employees are afforded a priority over ordinary unsecured creditors of RP for unpaid wages, superannuation contributions, annual leave, long service leave, pay in lieu of notice, and redundancy entitlements.

Furthermore, Section 556 of the Act states that related parties (including directors, shadow directors and their relatives) are only entitled to claim, as a priority, a maximum amount of \$2,000 in respect of unpaid wages and superannuation, and \$1,500 in respect of leave entitlements. In addition, redundancy entitlements of related parties are not entitled to rank as priority claims. Any amounts owed to related parties in excess of these statutory limits will rank equally with all other ordinary unsecured claims and have been isolated as non-priority components.

We refer to section 5 of this Report and note that all employees were transferred to the RV and their entitlements (except superannuation) were assumed by the purchaser.

The Directors' ROCAP did not disclose any outstanding employee entitlements.

Our review of RP's books and records reveals that priority employee entitlements consist of:

Entitlements	Total (\$)
Superannuation	816,151
Unpaid Wages	263,684
Leave Entitlements	784,083
TOTAL	1,827,918

- Salary Sacrifice

RP's records and our preliminary investigations suggest the Company owes \$816,151 of superannuation to employees up to the date of our appointment as Voluntary Administrators.

In accordance with Section 52 of the Superannuation Guarantee (Administration) Act 1992, any claim received from the ATO in relation to these amounts 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 note that superannuation entitlements cannot be transferred from an entity and remain a priority claim of RP. RV has advised that it has made payments totalling \$252,475 with respect to outstanding superannuation. We note that the superannuation fund has not yet submitted a proof of debt with respect to its members' claim against RP.

- Unpaid wages

Subsequent to our appointment as Voluntary Administrators, employee wages of \$263,684 were due.

We refer to section 5 of this Report and note that all unpaid wage entitlements were assumed to the Purchaser pursuant to the sale of RP's business and assets.

- Leave Entitlements

RP's records disclose leave entitlements, including annual leave and RDOs, of \$784,083 being owed to employees up to the date of our appointment as Voluntary Administrators.

We refer to section 5 of this Report and note that all leave entitlements were assumed pursuant to the sale of RP's business and assets.

Fair Entitlement Guarantee ("FEG")

Employees are eligible to apply to the Federal Government, which has established a safety net scheme known as the Fair Entitlement Guarantee ("FEG"), for payment of their outstanding entitlements in these circumstances.

The scheme is administered by the Attorney General's Department for eligible employees who have been terminated as a result of their employer's insolvency and are owed entitlements.

In order for an employee to be eligible to claim outstanding entitlements under FEG, they must meet one of the following conditions:

- ▲ The employee is terminated upon the appointment of an insolvency practitioner; or
- ▲ The employee is terminated by the company within six (6) months of 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 three months unpaid wages for the period prior to our appointment;
- ▲ Unpaid annual leave and long service leave;
- ▲ Up to a maximum of five weeks unpaid payment in lieu of notice;
- ▲ Up to a maximum of four 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 Director and related party creditors.

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

6.4.2.3 Statutory Claims

The books and records of RA disclose the ATO as a creditor in the amount of \$11,141,547.

The ATO has submitted a formal proof of debt in the amount of \$14,739,880 with respect to GST and Income Tax liabilities.

We note that \$1,851,840 of this debt relates to the consolidated income tax liabilities relating to the other entities in the Richstone Group other than RVIC.

The Directors' ROCAP discloses the State Revenue Office of Victoria ("SRO") as a creditor in the amount of \$2,363,004.

The SRO has submitted a formal proof of debt in the amount of \$1,716,043 with respect to payroll tax debts incurred from 1 July 2019 in relation to MPS, RP and RSG.

For the purposes of this Report, we have attributed a value of \$16,455,923 with respect to RP's statutory liabilities.

6.4.2.4 Trade Creditors

The books and records of RP disclose trade creditors totalling \$18,539,656.

To date, thirty-two (32) creditors have submitted claims with the Voluntary Administration totalling \$1,555,762.

In addition, the Directors' ROCAP lists seventy-six (76) trade creditors totalling \$5,415,580.

We refer to section 6.4.2.1 of this Report and note that security interest holder debts likely ranking as unsecured total \$423,390.

As not all creditors have submitted Formal Proof of Debts to this office, the total amount of creditor claims may change upon receipt of such claims.

For the purposes of this Report, we determined that the debt owed to RP's trade creditors total at least \$7,394,733.

6.4.2.5 Related Party Creditors

We have undertaken a review of the RP's financial records for the period 3 March 2021 to the date of our appointment and a review of the RP's bank account statement from 1 September 2022 to 28 February 2023.

The findings of our preliminary investigations with respect to the related party creditors is provided below:

Related Party	Purpose	Amount
RP VIC	Loan	\$1,054,556
Major Crane Logistics	Loan	\$1,581,345
Rhett Newell	Loan	\$15,000

- RP VIC

The books and records reveal RP VIC as a related party creditor in the amount of \$1,054,556.

Our investigations have identified sixty-one (61) payments from RP totalling \$575,601 applied against the RP VIC loan account. Our review of the bank statements have identified seventeen (17) payments totalling approximately \$115,000.

Our investigations have also identified nineteen (19) receipts totalling \$1,289,334 applied to the RP VIC loan account. Our review of the bank statements have identified six (6) deposits from RP VIC totalling approximately \$825,000.

We note that investigations into the nature of this related party creditor account are ongoing.

For the purposes of this Report, the value of RP VIC's debt is uncertain.

- Major Crane Logistics Pty Ltd (Administrator Appointed) ("MCL")

The books and records reveal MCL as a related party creditor in the amount of \$1,581,345.

We note that Liam William Paul Bellamy of RRI Advisory was appointed Voluntary Administrator of MCL on 1 May 2023 and has submitted a claim against RSG with respect to a loan account owed by that entity.

Our investigations have identified eight (8) payments from RP totalling \$1.1 million applied against the MCL loan account from 3 March 2021 to the date of our appointment. Our review of the bank statements has identified payments totalling \$225,000 from RP to MCL within the six (6) months prior to our appointment. Please refer to section 7.1.2 of this Report for further details.

Our investigations have identified fifteen (15) receipts to RP totalling \$2,163,000 applied against the MCL loan account that increase the outstanding amount from 3 March 2021 to the date of our appointment. Our review of the bank statements has identified four (4) receipts totalling \$710,000 within the six (6) months prior to our appointment.

We note that investigations into the nature of this related party creditor account are ongoing.

For the purposes of this Report, MCL's debt is uncertain.

- Rhett Newell ("RN")

The books and records reveal NR as a related party creditor in the amount of \$15,000.

Our investigations have identified two (2) payments totalling \$15,000 from RN to RP in late January 2022. We note that the bank statements in our possession do not include this period.

We note that investigations into the nature of this related party creditor account are ongoing.

For the purposes of this Report, RN's debt is uncertain.

6.4.3 Receipts and Payments Since Appointment

Enclosed as **Annexure "B"** is a summary of the Receipts and Payments for the period 3 March 2023 to 31 May 2023.

6.5 RICHSTONE PLUMBING VIC PTY LTD IN ITS OWN RIGHT AND ATF RICHSTONE EQUIPMENT HIRE TRUST ("RP VIC")

Subsequent to our appointment, a notice was served on RP VIC's Director to prepare a Report on Company Activities and Property ("ROCAP")

The ROCAP lists RP VIC's assets and liabilities as at 3 March 2023, which was the date of the Voluntary Administration. The ROCAP does not take into account the Administrators'/Deed Administrators'/Liquidators' fees and disbursements, which rank as a priority under Section 556 of the Act.

A summary of the Director's ROCAP, our respective comments and Estimated Realisable Values (ERV) is below.

Annotated ROCAP	ROCAP Valuation (\$)	Estimated Realisable Value (\$)
ASSETS		
Cash at Bank / Cash on Hand	-	-
Plant and Equipment	Uncertain	377,975
Motor Vehicles	-	-
Stock	-	-
Material Contracts	-	-
Business IP	-	-
Debtors	-	-
Related Party Debtors	709,926	Uncertain
Total Assets	709,926	377,975
LIABILITIES		
<u>Secured Creditors</u>		
CBA	-	2,148,868
Other Security Interest Holders	309,106	165,393
<u>Priority Creditors</u>		
Employee Entitlements	-	-
<u>Unsecured Creditors</u>		
Statutory Creditors	6,321	1,864,812
Trade Creditors	865	46,580
Related Party Creditors	395,530	Uncertain
	402,716	1,911,392
Total Liabilities	711,822	4,225,653
SURPLUS/DEFICIENCY	(1,896)	(3,847,678)

6.5.1 Assets

6.5.1.1 Cash at Bank / Cash on Hand

The Director's ROCAP discloses RP VIC did not hold a bank account.

Following our appointment, we wrote to the major banks and requested that they undertake a search of their records to locate any accounts held in the name of RP VIC, and to impose a freeze on the accounts to prevent any outward payments.

Based on our enquires and the responses received to date, we have not identified any bank accounts in the name of RP VIC.

For the purposes of this Report, RP VIC's cash at bank is nil.

6.5.1.2 Tangible Assets

The Director's ROCAP disclosed RP VIC owned tangible assets but did not provide an estimated realisable value.

We note that an independent valuation of RP VIC's tangible assets was undertaken on 28 February 2023. The valuation suggested that RP VIC's plant and equipment had a going concern value of at least \$377,975.

We note that the RP VIC tangible assets were subject to a sale of business and assets. Please refer to section 5 of this report for further details.

For the purposes of this Report, RP VIC's tangible assets totals \$377,975.

6.5.1.3 Related Party Debtors

We have undertaken a review of the RP VIC's financial records for the period 3 March 2021 to the date of our appointment.

The findings of our preliminary investigations with respect to the related party debtors is provided below:

Related Party	Purpose	Amount
Egglestone Trust	Loan	\$136,828
Newell Family Trust	Loan	\$1,145
James Williams Family Trust	Loan	\$29,126
Richstone Plumbing	Loan	\$542,828

- Egglestone Trust ("ET")

The books and records reveal ET is a related party debtor in the amount of \$136,828.

Our investigations have identified one (1) journal entry totalling \$79,197 increasing the amount owed to RP VIC and four (4) journal entries totalling \$792 repaying the debtor loan account.

We note that our investigations into the nature of this loan account are ongoing.

- Newell Family Trust ("NFT")

The books and records reveal NFT as a related party debtor in the amount of \$1,145.

The NFT debtor loan appears to relate to a journal entry in June 2021.

We note that our investigations into the nature of this loan account are ongoing.

- James Williams Family Trust ("JWFT")

The books and records reveal JWFT as a related party debtor in the amount of \$29,126.

Our investigations have identified five (5) repayments totalling \$29,126 applied to the JWFT loan account and we note that a majority of these transactions relate to journal entries.

We note that our investigations into the nature of this loan account are ongoing.

- Richstone Plumbing Pty Ltd (Administrators Appointed) ("RP")

The books and records reveal RP as a related party debtor in the amount of \$542,828.

Our investigations have identified sixteen (16) payments from RP VIC totalling \$1,134,674 applied to the RP loan account which appear to journal entries relating intergroup management fees.

Our investigations have also identified thirty-five (35) repayments to RP VIC from RP totalling \$591,846 applied to the RP loan account and that appear to be journal entries with respect to lease payments made by RP on behalf of RP VIC.

I note that RP is subject to external administration and the prospect of a recovery to unsecured creditors of RP is uncertain at this time.

We note that our investigations into the nature of this loan account are ongoing.

6.5.2 Liabilities

6.5.2.1 Secured Creditors

AFSA is the current responsible authority for the operation of the PPSR, a comprehensive nationwide register designed to facilitate the registration of security interests in personal property, pursuant to the PPSA.

The most fundamental premise of the legislation is the requirement that secured creditors register their security interests in order to enforce same in the event of insolvency.

A review of RP VIC's comprehensive PPSR records, maintained by AFSA, revealed that the following security interests were granted by RP VIC and registered as at the date our appointment:

Secured party	Registration No.	Collateral Class	Date Registered
BOQ Equipment Finance Limited	201902210055424	Motor Vehicle	21 February 2019
	201906170056283	Motor Vehicle	17 June 2019
Capital Finance Australia Limited	201902140001502	Motor Vehicle	14 February 2019
Commonwealth Bank of Australia	201401290361209	All PAP	29 January 2014
Swiss Re International Se	202102190056167	All PAP	19 February 2021
Westpac Banking Corporation	201906190050016	Motor Vehicle	19 June 2019

Immediately upon our appointment, we wrote to the secured parties and requested details of their security interests.

- BOQ Equipment Finance Limited ("BOQ")

The PPSR reveals that BOQ has registered two (2) security interests against the property of RP VIC.

BOQ has provided us with documentation to support its claim and appears to have perfected security interests registered against RP VIC.

BOQ has advised that it is owed \$44,122. We advise that the Purchaser of the business and assets of RP VIC undertook to pay out or assign the debt of security interest holders with an interest in the tangible assets subject to the sale of business and assets. Please refer to section 5 of this report for further details.

For the purposes of this Report, BOQ's claim is \$44,122.

- Capital Finance Australia Limited ("CFA")

The PPSR reveals that CFA has registered one (1) security interest against the property of RP VIC.

CFA has provided us with documentation to support its claim and appears to have a perfected security interest registered against RP VIC.

CFA has advised that it was paid out \$4,025 on 2 March 2023 in relation to the above interest.

- Commonwealth Bank of Australia ("CBA")

The PPSR reveals that CBA has one (1) security interest registered against the property of RP VIC.

CBA advised that it was owed \$2,148,868 in relation to the loan facility to RP and that this debt was cross-collateralised across the Richstone Group.

For the purpose of this Report, CBA's debt as at the date of our appointment is \$2,148,868. I refer to section 5 of this Report and note that the CBA debt was discharged subsequent to the execution of the sale of business and assets.

- Swiss Re International Se ("SI")

The PPSR reveals that SI has registered an All Present and After Acquired Property ("All-PAAP") against the property of RP VIC.

SI has provided us with documentation to support its claim and appears to have a valid interest registered against RP VIC.

SI has advised it is owed \$76,740 by the Richstone Group but has not provided an individual breakdown for each entity.

For the purpose of this Report, SI's claim is \$76,740. I refer to section 5 of this Report and note that the SI debt was assumed by the Purchaser.

- Westpac Banking Corporation ("Westpac")

The PPSR reveals that Westpac has one (1) security interest registered against the property of RP VIC.

Westpac has provided us with documentation to support its claim and appears to have a perfected security interest registered against RP VIC.

Westpac has advised it is owed \$44,531. We advise that the Purchaser of the business and assets of RP VIC undertook to pay out or assign the debt of security interest holders with an interest in the tangible assets subject to the sale of business and assets. Please refer to section 5 of this report for further details.

For the purpose of this report, Westpac's claim is \$44,531.

6.5.2.2 *Priority Creditors*

Creditors are advised that pursuant to Section 556 of the Act employees are afforded a priority over ordinary unsecured creditors of RP VIC for unpaid wages, superannuation contributions, annual leave, long service leave, pay in lieu of notice, and redundancy entitlements.

Furthermore, Section 556 of the Act states that related parties (including directors, shadow directors and their relatives) are only entitled to claim, as a priority, a maximum amount of \$2,000 in respect of unpaid wages and superannuation, and \$1,500 in respect of leave entitlements. In addition, redundancy entitlements of related parties are not entitled to rank as priority claims. Any amounts owed to related parties in excess of these statutory limits will rank equally with all other ordinary unsecured claims and have been isolated as non-priority components.

The Directors' ROCAP does not reveal any outstanding employee entitlements.

Our investigations to date have not reveal any outstanding employee entitlements.

For the purposes of this Report, priority creditors appear to be nil.

6.5.2.3 *Statutory Claims*

The books and records of RP VIC reveal the ATO as a creditor in the amount of \$6,321.

The ATO has submitted a formal proof of debt in the amount of \$1,864,812 with respect to GST and income tax liabilities.

We note that \$1,851,840 of this debt relates to the consolidated income tax liabilities relating to the other entities in the Richstone Group other than RVIC.

Subsequent to our appointment, we wrote to the SRO but have not yet received a response with respect to outstanding payroll or land tax at this time.

For the purposes of this Report, we have attributed a value of \$1,864,812 with respect to RP VIC's statutory liabilities.

6.5.2.4 *Trade Creditors*

The books and records of RP VIC disclose trade creditors of \$865.

To date, two (2) creditors have submitted claims with the Voluntary Administration totalling \$46,580.

As not all creditors have submitted Formal Proof of Debts to this office, the total amount of creditor claims may change upon receipt of such claims.

For the purposes of this Report, we determined that the debt owed to RP VIC's trade creditors total at least \$46,580.

6.5.2.5 *Related Party Creditor*

We have undertaken a review of the RP VIC's financial records for the period 3 March 2021 to the date of our appointment.

The findings of our preliminary investigations with respect to the related party creditors is provided below:

Related Party	Purpose	Amount
Shannon Egglestone Pty Ltd	Loan	\$107,332
Shannonland Pty Ltd	Loan	\$243,873
Egglestone Trust	Loan	\$22
Modular Prefab Solutions	Loan	\$9,000
Pro-Fit Plumbing	Loan	\$35,303

- Shannon Egglestone Pty Ltd ("SE")

RP VIC's books and records reveal SE as a related party creditor in the amount of \$107,332.

Our investigations have identified one (1) journal entry increasing the debt owed by RP VIC by \$107,332.

We note that our investigations into the nature of this loan account are ongoing.

For the purposes of this Report, SE's debt is uncertain.

- Shannonland Pty Ltd ("Shannonland")

RP VIC's books and records reveal Shannonland as a related party creditor in the amount of \$243,873.

Our investigations have identified one (1) journal entry increasing the debt owed by RP VIC by \$243,873.

We note that our investigations into the nature of this loan account are ongoing.

For the purposes of this Report, Shannonland's debt is uncertain.

- Egglestone Trust ("ET")

RP VIC's books and records reveal ET as a related party creditor in the amount of \$22.

Our investigations have identified two (2) payments totalling \$22 to RP VIC applied against the ET loan account. We have not sighted these payments in the bank account statements.

We note that investigations into the nature of this related party creditor account are ongoing.

For the purposes of this Report, ET's debt is uncertain.

- Modular Prefab Solutions Pty Ltd (Administrators Appointed) ("MPS")

RP VIC's books and records reveal MPS as a related party creditor in the amount of \$9,000.

The MPS loan account consists of two (2) receipts totalling \$9,000 journaled against the MPS loan account.

We note that MPS is subject to external administration and the prospect of a recovery to unsecured creditors of MPS is uncertain at this time.

We note that our investigations into the nature of this loan account are ongoing.

- Pro-Fit Plumbing & Maintenance Pty Ltd (“PFP”)

RP VIC’s books and records reveal PFP as a related party creditor in the amount of \$35,303.

Our investigations suggest the PFP loan account comprises of one (1) journal entry increasing the debt owed by RP VIC.

We note that investigations into the nature of this related party creditor account are ongoing.

For the purposes of this Report, PFP’s debt is uncertain.

6.5.3 Receipts and Payments Since Appointment

Enclosed as **Annexure “B”** is a summary of the Receipts and Payments for the period 3 March 2023 to 31 May 2023.

6.6 RICHSTONE VIC PTY LTD (“RVIC”)

Subsequent to our appointment, a notice was served on RVIC’s Director to prepare a Report on Company Activities and Property (“ROCAP”)

The ROCAP lists RVIC’s assets and liabilities as at 3 March 2023, which was the date of the Voluntary Administration. The ROCAP does not take into account the Administrators’/Deed Administrators’/Liquidators’ fees and disbursements, which rank as a priority under Section 556 of the Act.

A summary of the Director’s ROCAP, our respective comments and Estimated Realisable Values (ERV) is below.

Annotated ROCAP	ROCAP Valuation (\$)	Estimated Realisable Value (\$)
ASSETS		
Cash at Bank / Cash on Hand	-	-
Retentions	-	-
Motor Vehicles		
Stock		
Material Contracts		
Business IP		
Debtors	-	-
Total Assets	<u>-</u>	<u>-</u>
LIABILITIES		
<u>Secured Creditors</u>		
CBA	-	-
Other Security Interest Holders	-	-
<u>Priority Creditors</u>		
Employee Entitlements	-	-
<u>Unsecured Creditors</u>		
Statutory Creditors	-	-
Trade Creditors	-	-
Related Party Creditors	-	-
	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>
SURPLUS/DEFICIENCY	<u>-</u>	<u>-</u>

6.6.1 Assets

6.6.1.1 Cash at Bank / Cash on Hand

The Director's ROCAP discloses that RVIC did not hold a bank account.

Following our appointment, we wrote to the major banks and requested that they undertake a search of their records to locate any accounts held in the name of RVIC, and to impose a freeze on the accounts to prevent any outward payments.

Based on our enquires and the responses received to date, we have not identified any bank accounts in the name of RVIC.

For the purposes of this Report, RVIC's cash at bank is nil.

Our investigations have not identified any assets owned by RVIC.

6.6.2 Liabilities

6.6.2.1 Secured Creditors

AFSA is the current responsible authority for the operation of the PPSR, a comprehensive nationwide register designed to facilitate the registration of security interests in personal property, pursuant to the PPSA.

The most fundamental premise of the legislation is the requirement that secured creditors register their security interests in order to enforce same in the event of insolvency.

A review of RVIC's comprehensive PPSR records, maintained by AFSA, revealed that the that there were no security interests registered against RVIC as at the date of our appointment.

6.6.2.2 Priority Creditors

Creditors are advised that pursuant to Section 556 of the Act employees are afforded a priority over ordinary unsecured creditors of the RVIC for unpaid wages, superannuation contributions, annual leave, long service leave, pay in lieu of notice, and redundancy entitlements.

Furthermore, Section 556 of the Act states that related parties (including directors, shadow directors and their relatives) are only entitled to claim, as a priority, a maximum amount of \$2,000 in respect of unpaid wages and superannuation, and \$1,500 in respect of leave entitlements. In addition, redundancy entitlements of related parties are not entitled to rank as priority claims. Any amounts owed to related parties in excess of these statutory limits will rank equally with all other ordinary unsecured claims and have been isolated as non-priority components.

The Director's ROCAP does not reveal any outstanding employee entitlements.

Our investigations to date have not reveal any outstanding employee entitlements.

For the purposes of this Report, priority creditors appear to be nil.

6.6.2.3 Statutory Claims

The Director's ROCAP does not disclose the ATO as a creditor.

We note that RVIC does not appear to have been included in the consolidated income tax group of Richstone Group by the ATO or the consolidated payroll tax group of Richstone Group by the SRO.

For the purposes of this Report, the statutory liabilities of RVIC appear to be nil.

6.6.2.4 Trade Creditors

The Director's ROCAP does not disclose any amounts outstanding to trade creditors.

To date, we have not received any Formal Proof of Debt's to this office.

For the purposes of this Report, trade creditors appear to be nil.

6.6.2.5 *Related Party Creditors*

The Director's ROCAP does not disclose any amounts outstanding to related party creditors.

To date, we have not received any claims from related parties to this office.

For the purposes of this Report, related party creditors appear to be nil.

6.6.3 **Receipts and Payments Since Appointment**

Enclosed as **Annexure "B"** is a summary of the Receipts and Payments for the period 3 March 2023 to 31 May 2023.

6.7 **RSG BUSINESS SERVICES PTY LTD ("RSG")**

Subsequent to our appointment, a notice was served on RSG's Director to prepare a Report on Company Activities and Property ("ROCAP")

The ROCAP lists RSG's assets and liabilities as at 3 March 2023, which was the date of the Voluntary Administration. The ROCAP does not take into account the Administrators'/Deed Administrators'/Liquidators' fees and disbursements, which rank as a priority under Section 556 of the Act.

A summary of the Director's ROCAP, our respective comments and Estimated Realisable Values (ERV) is below.

Annotated ROCAP	ROCAP Valuation (\$)	Estimated Realisable Value (\$)
ASSETS		
Cash at Bank / Cash on Hand	-	-
Plant and Equipment	-	-
Motor Vehicles	-	-
Stock	-	-
Material Contracts	-	-
Business IP	-	-
Debtors	-	-
Related Party Debtors	3,412,191	Uncertain
Total Assets	3,412,191	-
LIABILITIES		
<u>Secured Creditors</u>		
CBA	-	2,148,868
Other Security Interest Holders	Uncertain	76,740
<u>Priority Creditors</u>		
Employee Entitlements	252,710	252,710
<u>Unsecured Creditors</u>		
Statutory Creditors	5,144,649	4,979,398
Trade Creditors	1,343,015	103,802
Related Party Creditors	947,134	Uncertain
	7,434,797	5,083,200
Total Liabilities	7,687,507	7,561,519
SURPLUS/DEFICIENCY	(4,275,316)	(7,561,519)

6.7.1 Assets

6.7.1.1 Cash at Bank / Cash on Hand

The Director's ROCAP discloses RSG held a bank account but does not disclose any details.

Following our appointment, we wrote to the major banks and requested that they undertake a search of their records to locate any accounts held in the name of RSG, and to impose a freeze on the accounts to prevent any outward payments.

Based on our enquires and the responses received to date, we have identified the following bank account in the name of RSG held with Commonwealth Bank of Australia ("CBA"):

Account Name	Balance	As at
CBA Business Transaction Account	\$0.00	28 February 2023

For the purposes of this Report, RSG's cash at bank appears to be nil.

6.7.1.2 Related Party Debtors

We have undertaken a review of the RSG's financial records for the period 3 March 2021 to the date of our appointment and a review of the RSG's bank account statements from 1 September 2022 to 28 February 2023.

The findings of our preliminary investigations with respect to the related party debtors is provided below:

Related Party	Purpose	Amount
Richstone Plumbing	Trade	\$1,743,512
Richstone Australia Group	Loan	\$1,668,679

- Richstone Plumbing Pty Ltd (Administrators Appointed) ("RP")

The RSG debtor ledger reveals trade invoices raised to RP that remain outstanding.

We note that the debt owed to RP relating to services provided by RSG increased by approximately \$890,000 from 30 June 2022.

We note that the prospect of a recovery to unsecured creditors of RP is uncertain at this time. For the purpose of this Report, the debt owed by RP does not appear to be recoverable.

- Richstone Australia Group Pty Ltd (Administrators Appointed) ("RAG")

The books and records of RSG reveal RAG as a related party debtor in the amount of \$1,668,679. Our investigations suggest this related party debt comprises of two (2) journal entries that increase the debt owed to RSG.

We note that the prospect of a recovery to unsecured creditors of RAG is uncertain at this time. For the purpose of this Report, the debt owed by RAG does not appear to be recoverable.

6.7.2 Liabilities

6.7.2.1 Secured Creditors

AFSA is the current responsible authority for the operation of the PPSR, a comprehensive nationwide register designed to facilitate the registration of security interests in personal property, pursuant to the PPSA.

The most fundamental premise of the legislation is the requirement that secured creditors register their security interests in order to enforce same in the event of insolvency.

A review of RSG's comprehensive PPSR records, maintained by AFSA, revealed that the following security interests were granted by RSG and registered as at the date of our appointment:

Secured party	Registration No.	Collateral Class	Date Registered
Commonwealth Bank of Australia	202002190022909	All PAP	19 February 2020
Swiss Re International Se	202102190056167	All PAP	19 February 2021

Immediately upon our appointment, we wrote to the secured parties and requested details of their security interests.

- Commonwealth Bank of Australia ("CBA")

The PPSR reveals that CBA has one (1) security interest registered against the property of RSG.

CBA advised that it was owed \$2,148,868 in relation to the loan facility to RP and that this debt was cross-collateralised across the Richstone Group.

For the purpose of this Report, CBA's debt as at the date of our appointment is \$2,148,868. I refer to section 5 of this Report and note that the CBA debt was discharged subsequent to the execution of the sale of business and assets.

- Swiss Re International Se ("SI")

The PPSR reveals that SI has registered an All Present and After Acquired Property ("All-PAAP") against the property of RSG.

SI has provided us with documentation to support its claim and appears to have a valid interest registered against RGS.

SI has advised it is owed \$76,740 by the Richstone Group but has not provided an individual breakdown for each entity.

For the purpose of this Report, SI's claim is \$76,740. I refer to section 5 of this Report and note that the SI debt was assumed by the Purchaser.

6.7.2.2 *Priority Creditors*

Creditors are advised that pursuant to Section 556 of the Act employees are afforded a priority over ordinary unsecured creditors of RSG for unpaid wages, superannuation contributions, annual leave, long service leave, pay in lieu of notice, and redundancy entitlements.

Furthermore, Section 556 of the Act states that related parties (including directors, shadow directors and their relatives) are only entitled to claim, as a priority, a maximum amount of \$2,000 in respect of unpaid wages and superannuation, and \$1,500 in respect of leave entitlements. In addition, redundancy entitlements of related parties are not entitled to rank as priority claims. Any amounts owed to related parties in excess of these statutory limits will rank equally with all other ordinary unsecured claims and have been isolated as non-priority components.

We refer to section 5 of this Report and note that all employees were transferred to the RV and their entitlements (except superannuation) were assumed by the purchaser.

Our review of RSG's books and records reveals that priority employee entitlements consist of:

Entitlements	Total (\$)
Superannuation	6,750
Unpaid Wages	6,051
Leave Entitlements	239,909
TOTAL	252,710

- Superannuation

RSG's records disclose \$6,750 of superannuation entitlements owed to employees up to the date of our appointment as Voluntary Administrators.

In accordance with Section 52 of the Superannuation Guarantee (Administration) Act 1992, any claim received from the ATO in relation to these amounts 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 note that superannuation entitlements cannot be transferred from an entity and remain a priority claim of RSG.

- Unpaid Wages

Subsequent to our appointment as Voluntary Administrators, employee wages of \$6,051 were due.

We refer to section 5 of this Report and note that all unpaid wage entitlements were assumed to the Purchaser pursuant to the sale of RSG's business and assets.

- Leave Entitlements

RSG's records disclose \$132,425 of annual leave and \$107,484 of long service leave entitlements as owed to employees up to the date of our appointment as Voluntary Administrators.

We refer to section 5 of this Report and note that all leave entitlements were assumed to the Purchaser pursuant to the sale of business and assets.

Fair Entitlement Guarantee ("FEG")

Employees are eligible to apply to the Federal Government, which has established a safety net scheme known as the Fair Entitlement Guarantee ("FEG"), for payment of their outstanding entitlements in these circumstances.

The scheme is administered by the Attorney General's Department for eligible employees who have been terminated as a result of their employer's insolvency and are owed entitlements.

In order for an employee to be eligible to claim outstanding entitlements under FEG, they must meet one of the following conditions:

- ▲ The employee is terminated upon the appointment of an insolvency practitioner; or
- ▲ The employee is terminated by the company within six (6) months of 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 three months unpaid wages for the period prior to our appointment;
- ▲ Unpaid annual leave and long service leave;
- ▲ Up to a maximum of five weeks unpaid payment in lieu of notice;
- ▲ Up to a maximum of four 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 Director and related party creditors.

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

6.7.2.3 Statutory Claims

The books and records of RSG reveals the ATO as a creditor in the amount of \$1,239,212.

The ATO has submitted a formal proof of debt in the amount of \$3,263,355 with respect to GST and Income Tax liabilities.

We note that \$1,851,840 of this debt relates to the consolidated income tax liabilities relating to the other entities in the Richstone Group other than RVIC.

The Director's ROCAP discloses the State Revenue Office of Victoria ("SRO") as a creditor in the amount of \$165,252. The SRO has submitted a formal proof of debt in the amount of \$1,716,043 with respect to payroll tax debts incurred from 1 July 2019 in relation to MPS, RP and RSG.

For the purposes of this Report, we have attributed a value of \$4,979,398 with respect to RSG's statutory liabilities.

6.7.2.4 Trade Creditors

The books and records of RSG discloses trade creditors totalling \$1,343,015.

To date, one (1) trade creditor has submitted a claim with the Voluntary Administration totalling \$2,195. We note that the Director's ROCAP lists three (3) trade creditors totalling \$101,608.

As not all creditors have submitted Formal Proof of Debts to this office, the total amount of creditor claims may change upon receipt of such claims.

For the purposes of this Report, we are of the view that RSG's trade creditors total at least \$103,802.

6.7.2.5 Related Party Creditors

We have undertaken a review of the RSG's financial records for the period 3 March 2021 to the date of our appointment and a review of the RSG's bank account statement from 1 September 2022 to 28 February 2023.

The findings of our preliminary investigations with respect to the related party creditors is provided below:

Related Party	Purpose	Amount
Richstone Plumbing	Loan	\$947,134

- Richstone Plumbing Pty Ltd (Administrators Appointed) ("RP")

The books and records reveal RP is a related party creditor in the amount of \$947,134.

Our investigations suggest that this creditor loan account comprises substantially of journal entries.

We note that investigations into the nature of this related party creditor account are ongoing.

For the purposes of this Report, the value of RP's claim is uncertain.

6.7.3 Receipts and Payments Since Appointment

Enclosed as **Annexure "B"** is a summary of the Receipts and Payments for the period 3 March 2023 to 31 May 2023.

7 INVESTIGATIONS AND INSOLVENT TRANSACTIONS

We are required to report to creditors in respect of insolvent transactions, that is, claims that arise from the insolvency of the Companies and which would be available only to a Liquidator if one is appointed.

Our investigations have involved:

- ▲ Interviews and correspondence with the Directors;
- ▲ Review of management reports extracted from the Companies accounting systems;
- ▲ Review of records held by the Companies;
- ▲ Review of publicly available documents regarding the Companies, including records maintained by the ASIC, AFSA, the Victorian Land Titles office, and VicRoads;
- ▲ Liaised with the Sheriff's Office in relation to any warrant issued against the Companies;
- ▲ Conducted ASIC's Money Smart and State Revenue Office searches to determine whether there is any unclaimed money held in the name of the Companies; and
- ▲ Review of information supplied by creditors of the Companies.

Enclosed as **Annexure "C"** is an information Sheet produced by ARITA in relation to investigations and insolvent transactions.

While our investigations have been sufficient to allow preparation of this Report and to express views as to the Companies' affairs, they have not been exhaustive. Should creditors decide that the Companies be wound up, a Liquidator would be required to undertake more thorough investigations.

7.1 VOIDABLE TRANSACTION CLAIMS

7.1.1 Criminal and Civil Offences

Pursuant to Section 438D of the Act, we, as Voluntary Administrators, are required to report to ASIC any offences that we identify.

In accordance with this Section, we will be submitting the findings of our investigations to ASIC in due course.

7.1.2 Uncommercial Transactions / Unreasonable Director Related Transactions

A transaction of the company is an uncommercial transaction where a reasonable person in the company's circumstances would not have entered into the transaction having regard to the benefits flowing to the company, or the detriment suffered by the company, and the respective benefits flowing to other parties to the transaction from entering into the transaction.

To void an uncommercial transaction, a Liquidator must prove the following elements:

- ▲ a transaction was entered into;
- ▲ there was no benefit to, or there was a detriment to, the company by entering into the transaction;
- ▲ it occurred at a time when the company was insolvent; and
- ▲ the party suspected or should have suspected that the company was insolvent at the time of the transaction.

A transaction is considered to be an unreasonable director related transaction if it involves:

- ▲ a payment made by the company; or
- ▲ a conveyance, transfer or other disposition by the company of property of the company; or
- ▲ the issue of securities by the company; or
- ▲ the incurring by the company of an obligation to make such a payment, disposition or issue, including contingent obligations;

to a director, a shadow director or an associate of a director (or to a person on behalf of, or for the benefit of either), where a reasonable person would not have entered into the transaction having regard to the benefit of the company entering into the transaction and/or the detriment to the company arising from the transaction.

- Richstone Plumbing Pty Ltd ("RP")

Our preliminary review of the RP books and records, in particular, its bank statements, have identified two (2) payments totalling \$225,000 to Major Crane Logistics Pty Ltd. We note that this related entity is subject to external administration and the prospect of a recovery would appear to be unlikely.

Our investigations have also identified payments totalling approximately \$275,000 to Modular Design Pty Ltd and payments totalling approximately \$160,000 to Pro-Fit Plumbing & Maintenance Pty Ltd with the six (6) month period prior to our appointment.

We note that these two (2) entities within the Richstone Group, however, they are not subject to the Voluntary Administration of the Richstone Group.

We note that our investigations into the nature of these payments are continuing.

- Richstone Plumbing VIC Pty Ltd in its own right and ATF Richstone Equipment Hire Trust

Our preliminary review of RP VIC's records have identified one (1) payment to a former director, Hayden Richardson, for approximately \$1.5 million. We note that the funds to pay the former director appear to have been provided by RSG.

Our preliminary investigations have also identified a payment of \$270,000 that is not recorded in the management accounts.

We note that our investigations into the nature of these payments are continuing.

We note that our preliminary investigations have not identified any uncommercial transactions in relation to MPS, RA, RAG, RSG or RVIC.

Creditors should note that should the Companies be placed into Liquidation, further investigations are required to confirm the abovementioned payments are uncommercial in nature, to determine whether there are further uncommercial transactions, and to assess the likelihood of recovering such transactions.

7.1.3 Unfair Loans

A loan to the company may be deemed unfair if the interest on a loan, or the charges on a loan, were initially extortionate, or, subsequently became extortionate because of a variation to the loan. In considering whether interest and charges are extortionate, regard must be had to conditions available in the market generally and:

- ▲ the risk to which the lender was exposed,
- ▲ the value of any security undertaken in respect of the loan,
- ▲ the term of the loan,
- ▲ the repayment schedule, and
- ▲ the reasonableness of any subsequent variations to the loan.

Our preliminary investigations did not identify any unfair loans.

7.1.4 Unfair Preferences

A Liquidator can seek repayment from creditors whose debts have been paid at a time when the company was insolvent where that creditor has received more than they would have if the company had been wound up and the creditor proved in the Liquidation.

The creditor may defend such a claim by proving that it received the subject payment in good faith, for valuable consideration, and without suspecting or having grounds to suspect that the company was insolvent.

In summary there are four (4) criterion of a preference payment, being:

1. The creditor and the company must be both parties to the transaction;
2. The creditor received more than they would have if the transaction was set aside and the creditor were to prove for their debt in the winding up of the company;
3. The creditor had knowledge of the company's insolvency at the time the transaction was entered into; and
4. The company was insolvent when the transaction was entered into.

Furthermore, only payments made within six months before the relation back date (that is, on or after 3 September 2022) are normally recoverable. In any case, allowance must be made for the "ultimate effect" of the payment, so that, where the payment has secured further supply, the value of that supply is deducted from the payment to determine the net preferential effect.

Our preliminary investigations of the RP record have identified payments totalling approximately \$3 million to seventeen (17) trade creditors and one (1) statutory creditor that appear to be preferential in nature with limited defences available to them.

We note that our preliminary investigations have not identified any unfair preferences in relation to MPS, RA, RAG, RP VIC, RVIC, or RSG.

Creditors should note that should the Companies be placed into Liquidation, further investigations are required to confirm the abovementioned payments are preferential in nature, to determine whether there are further preferential payments, and to assess the likelihood of recovering such payments.

7.1.5 Insolvent Trading

A Liquidator or creditor may pursue a claim against a Director for the loss suffered by creditors resulting from the Director allowing the company to incur a debt which is not later repaid, at a time when the company is insolvent, or when the Director suspects, or should have suspected the insolvency.

Director can defend insolvent trading claims by showing that they had reasonable grounds to expect the debt would be paid, or that they relied on others who informed them that debts would be paid.

For general information about insolvent trading, please refer to the information sheet.

In deciding whether to commence an insolvent trading action against a director, a Liquidator needs to:

- ▲ gather evidence that supports the claim;
- ▲ have sufficient funds available to commence and prosecute an action to its conclusion; and
- ▲ be confident that in circumstances where judgment is obtained, the Director have the wherewithal to satisfy such judgment.

In the case of *ASIC v Plymin* (46 ACSR 126 at 214-5) the Court identified the following widely cited indicators that may lead to a conclusion that a company's insolvency may not be far off:

- a) a history of continuing losses
- b) liquidity ratios falling below one (1)
- c) overdue taxes
- d) a poor relationship with its present bank, including inability to borrow further funds
- e) inability to raise further funds from existing or new shareholders
- f) no access to alternative finance and an inability to raise further equity capital
- g) suppliers placing the Company on COD, or demanding special payments before resuming supply
- h) creditors remaining unpaid outside trading terms
- i) post-dated cheques being issued
- j) cheques being dishonoured
- k) special arrangements with selected creditors
- l) solicitors' letters, summonses, judgments or warrants being issued against the Company
- m) payments to creditors of rounded sums not reconcilable to specific invoices
- n) an inability to produce timely and accurate financial information to demonstrate its trading performance and financial position, and to make reliable forecasts.

Based on our investigations to date, the Companies operated in a group structure and some entities were significantly dependent on other entities within the group. For the purposes of this Report, we have analysed the solvency position of each of the Companies and on a consolidated basis.

Working Capital Analysis

Working Capital represents a company's operating liquidity which is measured by deducting a company's current liabilities from its current assets. A negative Working Capital indicates that a company did not have sufficient current assets (for example, cash) to pay short-term debts.

Our working capital analysis is based on the available management accounts provided to us. Please see Annexure "H" of this Report for summaries of the management accounts.

We note it appears necessary that certain adjustments are taken into account in the working capital analysis for each trading entity, as follows:

Richstone Plumbing Pty Ltd ("RP")

- Related party debtors were considered as unrecoverable, given the uncertainty of a return from the external administrations of the Richstone Group.
- Trade debtors were impaired at appointment to the value that they were realised in the sale of business and assets. Please see section 5 of this Report for details.
- Prepaid expenses appear to be an accounting entry and are not recoverable.
- Several liability accounts were reported as an asset, which appears to be an accounting error.

Modular Prefab Solutions VIC Pty Ltd ("MPS")

- Trade debtors were impaired at appointment to the value that they were realised in the sale of business and assets. Please see section 5 of this Report for details.
- Several liability accounts were reported as an asset, which appears to be an accounting error.

RSG Business Services Pty Ltd ("RSG")

- Trade debtors were impaired at appointment to the value that they were realised in the sale of business and assets. Please see section 5 of this Report for details.
- Several liability accounts were reported as an asset, which appears to be an accounting error.

Richstone Plumbing VIC Pty Ltd ("RP VIC")

- Cash and cash equivalents were impaired to reflect their estimated realisable value. Please see section 6 of this Report for details.
- Shares held in related entities do not appear to be a recoverable asset.
- Prepaid expenses are an accounting entry and are not recoverable.
- Deposit on land does not appear to be recoverable at appointment.
- Several liability accounts were reported as an asset, which appears to be an accounting error.

Summarised below is the working capital analysis for the trading entities within the Richstone Group, as at 30 June 2019 ("FY2019"), 30 June 2020 ("FY2020"), 30 June 2021 ("FY2021"), 30 June 2022 ("FY2022"), and at the date of our appointment ("FY2023"), that being 3 March 2023.

Adjusted Working Capital Analysis	FY2019	FY2020	FY2021	FY2022	FY2023
<i>Richstone Plumbing</i>					
Adjusted Current Assets	10,502,787	50,084,655	12,595,855	16,564,344	1,627,687
Adjusted Current Liabilities	10,532,167	80,690,730	15,840,448	27,573,320	59,335,793
Adjusted Net Working Capital	(29,379)	(30,606,075)	(3,244,593)	(11,008,977)	(57,708,106)
<i>Modular Prefab Solutions</i>					
Adjusted Current Assets	-	109,676	714,236	786,437	709,433
Current Liabilities	-	1,899,384	2,669,471	3,685,353	4,653,535
Adjusted Net Working Capital	-	(1,789,708)	(1,955,235)	(2,898,916)	(3,944,103)
<i>RSG Business Services</i>					
Adjusted Current Assets	-	76,630	152,097	855,420	57,802
Current Liabilities	-	485,261	1,632,579	1,236,608	1,702,231
Adjusted Net Working Capital	-	(408,631)	(1,480,482)	(381,189)	(1,644,429)
<i>Richstone Plumbing VIC</i>					
Adjusted Current Assets	53,640	18,348	4,068	26,378	-
Current Liabilities	34,182	59,575	10,263	21,007	524,062
Adjusted Net Working Capital	19,458	(41,227)	(6,195)	5,371	(524,062)
<i>Consolidated</i>					
Adjusted Current Assets	10,556,428	50,289,309	13,466,256	18,232,578	2,394,922
Adjusted Current Liabilities	10,566,349	83,134,951	20,152,762	32,516,288	66,215,621
Consolidated Adjusted Net Working Capital	(9,921)	(32,845,641)	(6,686,506)	(14,283,710)	(63,820,699)
Current Ratio					
Richstone Plumbing	1.00	0.62	0.80	0.60	0.03
Modular Prefab Solutions	0.00	0.06	0.27	0.21	0.15
RSG Business Service	0.00	0.16	0.09	0.69	0.03
Richstone Plumbing VIC	1.57	0.31	0.40	1.26	0.00
Consolidated	1.00	0.60	0.67	0.56	0.04

On a consolidated basis, it appears the Companies have experienced a significant working capital deficiency since FY2020.

At an individual entity level, the working capital deficiency is represented by RP, MPS and RSG from June 2020 onwards. However, RP VIC, RA, RAG and RVIC did not report any meaningful working capital deficiency prior to March 2023.

Overdue Statutory Obligations

RP, MPS and RSG have incurred substantial statutory debts owing to the ATO. Based on our investigations to date, these entities incurred statutory debts of approximately \$17.4 million from March 2020 to the date of our appointment.

In addition to the above, Richstone Group incurred joint and several statutory liabilities of \$1.8M to the ATO with respect to income tax and \$1.6 million to the SRO with respect to payroll tax during the period the trading entities of the Richstone Group appear to have traded whilst insolvent.

Summary

Based on the above, our preliminary view is that RP, MPS and RSG appear to have experienced financial difficulties from at least June 2020 and have incurred debts of approximately \$22 million, summarised below:

- ▲ RP appears to have incurred \$11.6 million of debts during the period it traded whilst insolvent.
- ▲ MPS appears to have incurred \$3 million of debts during the period it traded whilst insolvent.
- ▲ RSG appears to have incurred \$3 million of debts during the period it traded whilst insolvent.
- ▲ Richstone Group appears to have incurred \$4.4 million joint and severally during the period it traded whilst insolvent.

With respect to RP VIC, RA, RAG and RVIC, they appear to have experienced financial difficulties from at least March 2023, when creditors began to rely on cross-collateralised debts. Given the limited trading of these entities, there does not appear to be any insolvent trading claims to pursue.

An insolvent trading action needs to be considered on a commercial basis and the Liquidator would need to be indemnified for their costs and any adverse costs should they be awarded.

We have requested the directors of the Companies to provide statutory declarations of their assets, liabilities, income and expenses so we may determine the commerciality of pursuing these claims. To date, we have not received responses from all of the directors.

Furthermore, a Liquidator must have regard to the personal financial position of the Directors and whether they would have the financial capacity to satisfy any insolvent trading claim made against them.

7.1.6 Director Duties

In circumstances where the Companies are wound up at the forthcoming meeting, a Liquidator will undertake detailed investigations in order to determine whether any breaches of a director duties, which are set out in Sections 180-184 of the Act, are evident. Any identified offences will be reported to ASIC pursuant to Section 533 of the Act.

Our preliminary investigations have identified potential breaches of duties by the Directors, in particular, the duty to prevent trading whilst insolvent pursuant to Section 588G of the Act.

We will therefore be lodging a report with ASIC pursuant to Section 438D of the Act.

7.1.7 Shadow Director / Associates

We refer to Section 9 of the Act and note that a director is defined as;

"Director" of a company or other body means:

- (a) a person who:*
 - (i) is appointed to the position of a Director; or*
 - (ii) is appointed to the position of an alternate Director and is acting in that capacity; regardless of the name that is given to their position; and*
- (b) unless the contrary intention appears, a person who is not validly appointed as a Director if:*
 - (i) they act in the position of a Director; or*
 - (ii) the Director of the company or body are accustomed to act in accordance with the person's instructions or wishes.*

Our investigations have not identified any shadow directors.

8 PRIORITY AND UNSECURED CREDITOR DIVIDEND

We refer you to the Estimated Outcome Statement attached as **Annexure "D"** which provides the estimated returns to creditors in a Liquidation scenario.

9 CREDITORS' OPTIONS

At the forthcoming meeting of creditors, the Act provides that creditors can resolve one of the following three (3) outcomes for the Companies:

- (i) Whether it would be in the creditors' interest for the Companies to execute a DOCA; or
- (ii) Whether it would be in the creditors' interest for the Administration to end; or
- (iii) Whether it would be in the creditors' interest for each of the Companies to be wound up (placed in liquidation).

Alternatively, the second meeting may be adjourned for up to forty-five (45) business days.

Each of the options available to creditors is explained below.

9.1 ALTERNATIVES

Deed of Company Arrangement

The Companies could enter into a formal DOCA whereby it would undertake to pay a certain distribution in full settlement of the claims of creditors.

Prior to that dividend, creditors will need to agree to a moratorium on payment of debts and, if a distribution of less than 100 cents in the dollar is proposed, creditors will need to agree to compromise their claims.

We note that as at the date of preparing this Report, a proposal for a DOCA has not been provided.

Accordingly, this option is not available.

Liquidation

Should creditors decide to wind up the Companies, the Administration would convert to a Creditors Voluntary Liquidation and the appointment of the Administrator would become that of a Liquidator.

One of the roles of the Liquidator would be to complete investigations into the reasons for the Companies failure and to identify any causes of action against any entity or individual.

The Liquidator is also required to report their findings to ASIC in the event that offences are uncovered or a dividend of more than 50 cents in the dollar is not paid to unsecured creditors.

Return of control to the Director

Should creditors resolve that the Administration should end, the effect would be that control of the Companies would revert to the Directors.

We do not consider this an option as the Companies are now clearly insolvent and unable to pay their debts as and when they fall due. If control of the Companies is returned to its Directors, it is likely to be the subject of further external administration.

Adjournment

In addition to the above options, the meeting may also be adjourned to a date to be determined, within 45 business days. Such meeting would be reconvened on a minimum of five (5) business days notice.

9.2 RECOMMENDATION

Pursuant to Insolvency Practice Rule (Corporations) 75-225(3)(b) of the Act, the Administrator is required to make a statement and give reasons for their opinion in relation to the following matters:

1. Whether it would be in the creditors' interest for the Companies to execute a DOCA; or
2. Whether it would be in the creditors' interests for the Administration to end; or
3. Whether it would be in the creditors' interests for each of the Companies to be wound up.

The Administrators' recommendation is:

- ▲ As we are required to provide a recommendation in regards to the options available to creditors at the upcoming meeting, and there has been no proposal for a Deed of Company Arrangement, **We consider that it is in the interest of creditors to resolve to place each of the Companies into Liquidation.**
- ▲ **We do not consider that it would be in the creditors' interests for the Companies to execute a Deed of Company Arrangement.** As a DOCA has not been proposed by the Director of the Companies or any other party, this option is not available.
- ▲ **We do not consider it would be in the creditors' interests for the Administration to end.** Creditors would normally resolve to end an administration when a company was considered to

be solvent and the creditors' wish control of the company to return to its director. Given the Companies current insolvent position, this alternative is not considered applicable.

10 REMUNERATION

In compliance with the Code of Professional Practice and the requirements of the Act, we are required to provide detailed information in respect of our remuneration. We have attached our Remuneration Request Approval Report as **Annexure "E"** which details the major tasks that have been and will be conducted in this administration.

Our remuneration is calculated by reference to the time spent by staff and the hourly rates applied by BRI Ferrier, as detailed in the Remuneration Matrix. A schedule of hourly rates is included in our Remuneration Request Approval Report.

To date, our remuneration has been calculated on a "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 the 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, the ASIC and ARITA information sheets that relate to specific circumstances once an insolvency practitioner is appointed to a company and approval of remuneration can be found at the following websites:

- ▲ https://www.arita.com.au/ARITA/Insolvency_help/Insolvency_explained/Insolvency-Fact-Sheets.aspx
- ▲ <http://www.asic.gov.au/insolvencyinfosheets>

11 PARTICIPATION IN THE MEETING

The purpose of the Second Meeting is to enable creditors to consider the Administrators' Report pursuant to Insolvency Practice Rule (Corporations) 75-225 of the Act, and to determine the Companies' future.

To participate as a creditor, you should:

- ▲ Provide us with a Proof of Debt detailing your claim as a creditor. A Proof of Debt Form is enclosed as **Annexure "F"**. If you have previously provided a Proof of Debt and wish to supplement it, you may do so. Otherwise, creditors whose claims were accepted for voting at the First Meeting are not required to re-lodge a Proof of Debt for the Second Meeting.
- ▲ The meeting of creditors is being held virtually. Please contact Joshua May of this office for details.
- ▲ The appointment of a proxy, a copy of which is attached as **Annexure "G"**, must be in accordance with Form 532. It is necessary for all creditors to submit a new proxy form for this meeting. Persons attending on behalf of a corporate entity are required to have a proxy signed on behalf of that entity.
- ▲ 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 thereof must be lodged at our office by 4.00pm on Tuesday, 20 June 2023.**
Creditors may lodge the proxy forms by way of email at jmay@brifvic.com.au.

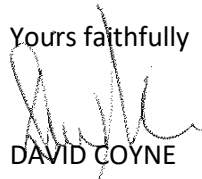
Where copy of a proxy is submitted by way of email, the original must be lodged within seventy-two (72) hours after receipt of the email. An attorney of a creditor must show the instrument by which he or she is appointed to the Chairperson prior to commencement of the meeting.

12 CONCLUSION

In conclusion, we confirm our recommendation for the meeting of creditors to place the Companies into Liquidation.

Please direct any questions you may have concerning this Report to Mr Joshua May of my office on (03) 9622 1800.

Yours faithfully



DAVID COYNE

Joint and Several Administrator

Annexure "A"

FORM 529

CORPORATIONS ACT 2001

Section 439A

Insolvency Practice Rules (Corporations)

75-15, 75-20 & 75-225

NOTICE OF CONCURRENT MEETINGS OF CREDITORS

MODULAR PREFAB SOLUTIONS VIC PTY LTD	RICHSTONE PLUMBING VIC PTY LTD IN ITS OWN
ACN 149 767 911	RIGHT AND ATF RICHSTONE EQUIPMENT HIRE
RICHSTONE ADMINISTRATION PTY LTD	TRUST
ACN 131 701 712	ACN 644 094 897
RICHSTONE AUSTRALIA GROUP PTY LTD	ABN 94 967 157 619
ACN 160 820 146	RICHSTONE VIC PTY LTD
RICHSTONE PLUMBING PTY LTD	ACN 634 950 628
ACN 104 934 358	RSG BUSINESS SERVICES PTY LTD
	ACN 634 410 138

(ALL ADMINISTRATORS APPOINTED)

("THE COMPANIES")

NOTICE is given that concurrent second meetings of the creditors of the Companies will be held virtually on Wednesday, 21 June 2023 at 11.00AM AEST.

The purpose of the meetings is:

1. To discuss the Administrators' Report to Creditors dated 14 June 2023.
2. For Creditors to resolve:
 - a. that the Meetings be adjourned for a period not exceeding forty-five (45) business days;
or,
if the creditors do not resolve to adjourn the meeting:
 - b. that the Companies execute a Deed of Company Arrangement (not available); or
 - c. that the administration should end; or
 - d. that the Companies be wound up.
3. To fix the remuneration of the Joint and Several Voluntary Administrators for each company for the period from 3 March 2023 to 6 June 2023 as set out in the Remuneration Request Approval Reports dated 14 June 2023.
4. To fix the future remuneration of the Joint and Several Voluntary Administrators for each company for the period from 7 June 2023 to the completion of the Voluntary Administration as set out in the Remuneration Request Approval Reports dated 14 June 2023.
5. To fix the disbursements potentially deriving a profit element of the Joint and Several Voluntary Administrators for each company for the duration of the Voluntary Administration as set out in the Remuneration Request Approval Reports dated 14 June 2023.

6. To fix the future remuneration of the Joint and Several Liquidators for each company for the period from commencement to the completion of the Liquidation as set out in the Remuneration Request Approval Reports dated 14 June 2023.
7. To fix the disbursements potentially deriving a profit element of the Joint and Several Liquidators for each company for the duration of the Liquidation as set out in the Remuneration Request Approval Report dated 14 June 2023.
8. If required, to consider the destruction of the books and records at the conclusion of the winding up.
9. Any other business that may be lawfully brought forward.

This meeting will be held virtually. Please contact Joshua May on 03 9622 1800 or jmay@brifvic.com.au for details pursuant to Insolvency Practice Rule (Corporations) ("IPR") 75-35 of the Corporations Act 2001 ("the Act").

Attendance at this meeting is not compulsory. Creditors may attend and vote virtually, by proxy or by attorney. The appointment of a proxy must be made in accordance with the Appointment of Proxy Form.

Proxies to be used at the meeting should be given to me as Voluntary Administrator or to the person named as convening the meeting. A creditor can only be represented by proxy or by an attorney pursuant to IPR 75-150 & 75-155 and if a body corporate by a representative appointed pursuant to Section 250D of the Act.

Creditors will not be entitled to vote at this meeting unless they have previously lodged particulars of their claim against the company in accordance with IPR 75-85 and that claim has been admitted for voting purposes wholly or in part by the Voluntary Administrator.

Pursuant to IPR 75-25 and 75-150 a special proxy can be lodged showing approval or rejection of each resolution. Proxy forms or emails thereof must be lodged with our office by 4.00pm on the day prior to the meeting. Where an email copy of a proxy is sent, the original must be lodged with our office within 72 hours after receipt of the email. An attorney of the creditor must show the instrument by which he or she is appointed to the Chairperson of the meeting, prior to the commencement of the meeting.

Pursuant to IPR 75-85, creditors or members wishing to participate in the meeting by telephone must return to the convenor of the meeting not later than the second last working day before the day of the meeting, a written statement setting out the name of the person and of the proxy or attorney, (if any), an address to which notices to the person, proxy or attorney may be sent, a telephone number at which the person, proxy or attorney may be contacted and any facsimile number to which notices to the person, proxy or attorney may be sent. A person, or the proxy or attorney of a person who participates in the meeting by telephone, must pay any costs incurred in participating and is not entitled to be reimbursed for those costs from the assets of the company.

DATED this 14th day of June 2023.

A handwritten signature in black ink, appearing to read 'David Coyne', with a stylized flourish at the end.

DAVID COYNE
JOINT AND SEVERAL ADMINISTRATOR

BRI Ferrier
Level 10, 45 William Street
Melbourne VIC 3000

Telephone: (03) 9622 1800

Annexure "B"

Modular Prefab Solutions Pty Ltd (Administrators Appointed)

Summarised Receipts & Payments

For the period 3 March 2023 to 31 May 2023

	Amount (\$)
Receipts	
Cash at Bank	61.23
Sale of Business as a Going Concern	86,414.24
Total (inc GST)	86,475.47
Payments	
Bank Charges	10.40
Total (inc GST)	10.40
Balance in Hand	\$86,465.07

Annexure "B"

Richstone Administration Pty Ltd (Administrators Appointed)

Summarised Receipts & Payments

For the period from 3 March 2023 to 31 May 2023

	Amount (\$)
Receipts	
Total (inc GST)	Nil
Payments	
Total (inc GST)	Nil
Balance in Hand	Nil

Annexure "B"

Richstone Australia Group Pty Ltd (Administrators Appointed)

Summarised Receipts & Payments

For the period from 3 March 2023 to 31 May 2023

	Amount (\$)
Receipts	
Total (inc GST)	Nil
Payments	
Total (inc GST)	Nil
Balance in Hand	Nil

Annexure "B"

Richstone Plumbing Pty Ltd (Administrators Appointed)

Summarised Receipts & Payments For the period 3 March 2023 to 31 May 2023

	Amount (\$)
Receipts	
Debtors	193,000.00
Cash at Bank	6,868.19
Sale of Business as a Going Concern	490,093.97
Total (inc GST)	689,962.16
Payments	
Insurance Expenses	5,830.00
Bank Charges	17.00
Legal Fees	144,352.49
Total (inc GST)	150,199.49
Balance in Hand	\$539,762.67

Annexure "B"

**Richstone Plumbing VIC Pty Ltd in its own right
and ATF Richstone Equipment Hire Trust (Administrators Appointed)**

**Summarised Receipts & Payments
For the period from 3 March 2023 to 31 May 2023**

	Amount (\$)
Receipts	
Total (inc GST)	Nil
Payments	
Total (inc GST)	Nil
Balance in Hand	Nil

Annexure "B"

Richstone VIC Pty Ltd (Administrators Appointed)

Summarised Receipts & Payments

For the period from 3 March 2023 to 31 May 2023

	Amount (\$)
Receipts	
Total (inc GST)	Nil
Payments	
Total (inc GST)	Nil
Balance in Hand	Nil

Annexure "B"

RSG Business Services Pty Ltd (Administrators Appointed)

Summarised Receipts & Payments

For the period from 3 March 2023 to 31 May 2023

	Amount (\$)
Receipts	
Total (inc GST)	Nil
Payments	
Total (inc GST)	Nil
Balance in Hand	Nil

Creditor Information Sheet

Offences, Recoverable transactions and Insolvent Trading



Offences

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

180	Failure by officer to exercise a reasonable degree of care and diligence in the exercise of his powers and the discharge of his duties.
181	Failure to act in good faith.
182	Making improper use of position as an officer or employee, to gain, directly or indirectly, an advantage.
183	Making improper use of information acquired by virtue of his position.
184	Reckless or intentional dishonesty in failing to exercise duties in good faith for proper purpose.
	Use of position or information dishonestly to gain advantage or cause detriment.
206A	Contravening an order against taking part in management of a corporation.
206A, B	Taking part in management of corporation while being an insolvent under an administration.
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 auditor.
314-7	Failure to comply with requirements for financial statement preparation.
437C	Performing or exercising a function or power as officer while a company is under administration.
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 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.

Voidable Transactions

Preferences

A preference is a transaction such as a payment between the company and one or more of its creditors, in which the creditor receiving the payment is preferred over the general body of creditors. The relevant time period is six months before the commencement of the liquidation. The company must have been insolvent at the time of the transaction, or become insolvent as a result of the transaction.

Where a creditor receives a preferred payment, 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 either 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 time period is four years and if the intention of the transaction is to defeat creditors, the time period is ten years.

The company must have been insolvent at the time of the transaction, or become insolvent as a result 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 have to have been entered into any time on or before the day when 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 transactions made to, on behalf of, or for the benefit of, a director or close associate of a director. To fall within the scope of the section, 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 are voidable by a liquidator:

- Floating charge created with six months of the liquidation unless it secures a subsequent advance;
- Unregistered charges; and
- Charges in favour of related parties who attempt to enforce the charge within 6 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 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.

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.

Annexure “D”

Estimated Outcome Statement

	MPS Liquidation	MPS Liquidation	RA Liquidation	RAG Liquidation	RP Liquidation	RP Liquidation	RP VIC Liquidation	RP VIC Liquidation	RVIC Liquidation	RSG Liquidation	RSG Liquidation	Notes
	Low	High			Low	High	Low	High		Low	High	
Assets subject to circulating security interest												
Balance in Hand	86,465	86,465	-	-	574,763	574,763	-	-	-	-	-	1
Recoveries- Voidable Transactions												
Insolvent Trading	-	900,000	-	-	-	3,480,000	-	-	-	-	900,000	2
Unreasonable Director Related Transactions	-	-	-	-	-	131,384	-	67,500	-	-	-	2
Unfair Preference	-	-	-	-	-	763,471	-	-	-	-	-	2
Total Realisations	86,465	986,465	-	-	574,763	4,949,618	-	67,500	-	-	900,000	
Less:												
- Administrator's Fees up to 6 June 2023	46,629	46,629	10,268	11,091	153,938	153,938	26,641	26,641	6,741	24,826	24,826	3
- Estimated Future Administration Fees	25,000	25,000	10,000	10,000	30,000	30,000	10,000	10,000	10,000	10,000	10,000	3
- Estimated Administrators' disbursements	500	500	500	500	500	500	500	500	500	500	500	3
- Estimated Liquidators Fees	50,000	50,000	25,000	25,000	100,000	100,000	25,000	25,000	18,100	25,000	25,000	
- Estimated Liquidators expenses	500	500	500	500	500	500	500	500	500	500	500	3
- Estimated Legal Fees	-	50,000	-	-	50,000	250,000	-	50,000	-	-	50,000	
	122,629	172,629	46,268	47,091	334,938	534,938	62,641	112,641	35,841	60,826	110,826	
Priority Creditors												
Estimated Available Balance to Section 566(1)(e) entitlements	-	813,836	-	-	239,825	4,414,680	-	-	-	-	789,174	4
- Superannuation & unpaid wages	15,600	15,600	-	-	816,151	816,151	-	-	-	6,750	6,750	
Estimated Return to Section 566(1)(e) entitlements (cents per dollar)	Nil	100	Nil	Nil	29	100	Nil	Nil	Nil	Nil	100	
Estimated Available Balance to Section 566(1)(g) entitlements	-	798,236	-	-	-	3,598,529	-	-	-	-	782,424	4
- Annual Leave & Long Service Leave	-	-	-	-	-	-	-	-	-	-	-	
Estimated Return to Section 566(1)(g) entitlements (cents per dollar)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
Estimated Available Balance to Section 566(1)(g) entitlements	-	798,236	-	-	-	3,598,529	-	-	-	-	782,424	4
- PILN & Redundancy	-	-	-	-	-	-	-	-	-	-	-	
Estimated Return to Section 566(1)(g) entitlements (cents per dollar)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
Estimated Available to Unsecured Creditors	-	798,236	-	-	-	3,598,529	-	-	-	-	782,424	
Statutory Creditors	6,664,991	6,664,991	1,851,840	1,851,840	16,455,923	16,455,923	1,864,812	1,864,812	-	4,979,398	4,979,398	5
Trade Creditors	1,077,172	1,077,172	-	222,106	7,394,733	7,394,733	46,580	46,580	-	103,802	103,802	6
Related Party Creditors	Uncertain	Uncertain	-	982,000	Uncertain	Uncertain	Uncertain	Uncertain	-	Uncertain	Uncertain	7
Increase in claims due to preference claims	-	-	-	-	-	763,471	-	-	-	-	-	8
Total Unsecured Creditors	7,742,163	7,742,163	1,851,840	3,055,946	23,850,656	24,614,127	1,911,392	1,911,392	-	5,083,200	5,083,200	
Estimated return to unsecured creditors (cents per dollar)	Nil	10.31	Nil	Nil	Nil	14.62	Nil	Nil	Nil	Nil	15.39	

Annexure “D”

Estimated Outcome Statement

Notes to Comparison Scenarios

-

Note:

- | | | |
|----------|---|--|
| 1 | Balance in Hand | Please refer to Annexure “B” of the Report to Creditors for details |
| 2 | Liquidator Recoveries | Please refer to section 7 of the Report to Creditors for details of the potential recoveries available if the Company was to be wound up. As indicated, we have not yet determined whether it would be to the benefit of creditors generally to pursue such recoveries due to the uncertainty of whether we will have sufficient funds to do so or if the directors have the financial capacity to satisfy such claims against them. |
| 3 | Estimated Costs | Please refer to Annexure “E” of the Report to Creditors for details. |
| 4 | Employee Entitlements | Please refer to Section 6 of the Report to Creditors for details of outstanding employee entitlements. |
| 5 | Statutory Creditors | Please refer to Section 6 of the Report to Creditors for details. We note that \$1,851,840 of the Richstone Group ATO debt relates to the consolidated income tax liabilities for all entities other than RVIC. |
| 6 | Trade Creditors | Please refer to Section 6 of the Report to Creditors for details |
| 7 | Related Party Loans | Please refer to Section 6 of the Report to Creditors for details |
| 8 | Increase in claims due to preference claims | A creditors claim against the Company will increase by the amount of an unfair preference payment recovery by a Liquidator |

Annexure "E"

Remuneration Request Approval Reports

Please find enclosed Remuneration Approval Request Reports for each of entity of the Richstone Group.

We note that if our time costs are less than the amount approved by creditors, then we will only draw the lesser amount.

We also note that we will only be able to draw our approved remuneration if there are sufficient funds available in the relevant external administration of the entity.

A summary is provided below:

Annexure “E”

Remuneration Request Approval Reports

Entity	VA Retrospective Remuneration (\$)	VA Prospective Remuneration (\$)	Liquidation Remuneration (\$)	VA Disbursements (\$)	Liquidation Disbursements (\$)	Total Remuneration & Disbursements (\$)	Cash at Bank (\$)
MPS	46,629.00	25,000.00	50,000.00	500	500	122,629.00	86,465.07
RA	10,268.00	10,000.00	25,000.00	500	500	46,268.00	-
RAG	11,091.00	10,000.00	25,000.00	500	500	47,091.00	-
RP	153,938.00	30,000.00	100,000.00	500	500	284,938.00	539,762.67
RP VIC	26,641.00	10,000.00	25,000.00	500	500	62,641.00	-
RVIC	6,741.00	10,000.00	18,100.00	500	500	35,841.00	-
RSG	24,826.00	10,000.00	25,000.00	500	500	60,826.00	-

Annexure "E"

Remuneration Request Approval Report

Modular Prefab Solutions VIC Pty Ltd

(Administrators appointed)

ACN 149 767 911

14 June 2023

David Coyne and Peter Krejci
Joint and Several Voluntary Administrators

BRI Ferrier Victoria Pty Ltd ABN 18 638 454 029
Level 10, 45 William Street, Melbourne VIC 3000
PO Box 521, Collins Street West VIC 8007

Phone (03) 9622 1800

Email: info@brifvic.com.au

Website: www.briferrier.com.au



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1 DECLARATION

We, David Coyne and Peter Krejci, of BRI Ferrier have undertaken a proper assessment of this remuneration claim for our appointment as Joint and Several Voluntary Administrators of Modular Prefab Solutions VIC Pty Ltd in accordance with the law and applicable professional standards. We are satisfied that the remuneration claimed is in respect of necessary work, properly performed, in the conduct of the Voluntary Administration.

We have reviewed the work in progress report for the Voluntary Administration to ensure that remuneration and disbursements claimed are necessary and proper.

2 EXECUTIVE SUMMARY

To date, no remuneration has been approved or paid in this administration. We are asking creditors to approve the following remuneration and disbursements:

	Remuneration	Disbursements
Voluntary Administration	\$71,629	\$500
If Company is placed into Liquidation	\$50,000	\$500

This remuneration report details approval sought for the following fees:

Period	Amount (\$, ex GST)
Past remuneration and disbursements approved:	
<i>Total past remuneration and disbursements approved and drawn</i>	Nil

Current Remuneration Approval Sought	Rates to Apply	To Be Drawn	Amount (\$, ex GST)
Voluntary Administration			
Resolution #1: 3 March 2023 to 6 June 2023	As provided in Remuneration Request Approval Report dated 14 June 2023	On a monthly basis or as required.	\$46,629.00
Resolution #2: 7 June 2023 to Completion of Voluntary	As provided in Remuneration Request Approval Report dated 14	On a monthly basis or as required.	\$25,000.00

Administration	June 2023		
Resolution #3: Disbursements for the period commencement to completion	As provided in Remuneration Request Approval Report dated 14 June 2023	On a monthly basis or as required.	\$500.00
Voluntary Administration Total			\$72,129.00
Creditors Voluntary Liquidation			
Resolution #4: Commencement to Completion of the Liquidation	As provided in Remuneration Request Approval Report dated 14 June 2023	On a monthly basis or as required.	\$50,000.00
Resolution #5: Disbursements for the period commencement to completion	As provided in Remuneration Request Approval Report dated 14 June 2023	On a monthly basis or as required.	\$500.00
Liquidation Total			\$50,500.00

We estimate that the total cost of this Voluntary Administration will be \$72,129. This differs to the estimate of costs to completion of \$30,000 to \$50,000 provided in the First Report to Creditors dated 7 March 2023 for the following reasons:

- Greater than expected time costs incurred attending to the negotiation and execution of the sale of business and assets as a going concern, including application to Court.
- Greater than expected time costs incurred attending to the completion of the sale of business and assets, including finalisation of assignment deeds.

We expect that this will be our final remuneration approval request for this Voluntary Administration

Should creditors resolve to place Modular Prefab Solutions VIC Pty Ltd into Liquidation, we estimate that the total cost of the Liquidation will be \$50,500. However, there may be further remuneration approval requests depending on the recovery of potential claims as set out in our Second Report to Creditors dated 14 June 2023.

3 DESCRIPTION OF WORK COMPLETED / TO BE COMPLETED

Resolution #1

Company	Modular Prefab Solutions VIC Pty Ltd	Period From Firm	3/3/23	To	6/6/23
Practitioner	David Coyne Peter Krejci		BRI Ferrier		
Administration Type	Voluntary Administration				

3.1 JOINT AND SEVERAL VOLUNTARY ADMINISTRATORS' REMUNERATION FOR THE PERIOD 3 MARCH 2023 TO 6 JUNE 2023

Task Area	General Description	Includes
Assets 17.7 hrs \$ 9,918	Sale of Business as a Going Concern	Reviewed proposal from Purchaser Reviewed books and records to confirm liabilities to assumed under sale of business and assets Reviewed books and records to confirm value of assets to be purchased under sale of business and assets Reviewed Deeds of Novation required to complete sale of business and assets Liaised with solicitors with respect to adjustments to sale of business and assets Drafted and reviewed submissions to Court regarding sale of business and assets
	Assets subject to specific charges	Responded to query from PMSI holder regarding stock
	Stock	Reviewed stock provisions in sale of business and assets
	Other Assets	Corresponded with financial institution regarding cash at bank
Creditors 28.7 hrs \$ 10,026	Creditor Enquiries	Received and followed up creditor enquiries by telephone Reviewed and prepared correspondence to creditors and their representatives by email and post
	Retention of Title/Purchase Money Security Interest Claims	Searched the PPSR Communicated with PMSI-holders disclosed on PPSR Search Received initial notification of creditor's intention

Task Area	General Description	Includes
		to claim Reviewed validity of PMSI claims
	Secured creditor reporting	Notified Security Interest-holders of appointment Prepared reports to secured creditor Responded to secured creditor's queries
	Creditor reports	Prepared First Report to Creditors and annexures Prepared Second Report to Creditors and annexures
	Dealing with proofs of debt	Receipted and filed Proofs when not related to a dividend
	Meeting of Creditors	Prepared meeting notices, proxies and advertisements for First Meeting of Creditors Sent Notice of Meeting to all known creditors Prepared meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors and advertisement of meeting for First Meeting of Creditors Presented and drafted minutes of First Meeting of Creditors. Prepared and lodged of minutes of First Meeting of Creditors with ASIC
Employees 1 hr \$ 575	Employees enquiry	Reviewed and prepared correspondence to employees and their representatives by email and post
	Calculation of entitlements	Reviewed awards and Enterprise Bargaining Agreement
Trade On 0.7 hrs \$ 245	Trade On Management	Undertook review of capacity to trade and ensured appropriate insurance covers were in place Liaised with primary contractors
Investigation 55.1 hrs \$ 22,186	Conducting investigation	Collected company books and records Reviewed company's books and records Reviewed and prepared narrative of business nature and history Conducted and summarising statutory searches Prepared comparative financial statements Prepared deficiency statement Liaised with directors regarding certain transactions posted in electronic records Undertook review of bank statements and

Task Area	General Description	Includes
		electronic records for voidable transactions that may be recoverable by a liquidator Undertook investigations with respect to insolvent trading Prepared investigation file
Dividend 0.3 hrs \$ 66	Processing proofs of debt	Adjudicated Proofs of Debt for the purpose of credit insurance claims Prepared correspondence to credit insurers
Administration 10.8 hrs \$ 3,613 Total 114.3 hrs	Correspondence	Prepared general correspondence to stakeholders
	Document maintenance/file review/checklist	Filed documents Updated checklists
	Insurance	Identified potential issues requiring attention of insurance specialists Corresponded with insurer regarding initial and ongoing insurance requirements Reviewed insurance policies
	Bank account administration	Prepared correspondence opening accounts Requested bank statements Prepared bank account reconciliations
	ASIC Forms	Prepared and lodged ASIC forms including 505, etc
	ATO and other statutory reporting	Notified ATO of appointment Prepared BASs
	Planning / Review	Discussions regarding status of administration
	Total Cost	\$46,629 (plus GST)

4 CALCULATION OF REMUNERATION

The remuneration request is summarised by employee by area of activity on the following page.

Modular Prefab Solutions VIC Pty Ltd (Administrators Appointed)
For the period from 3 March 2023 to 6 June 2023

Name	Position	Charge Out Rate	Administration		Assets		Creditors		Dividend		Employees		Investigations		Trade-On		Grand Total	
			Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)
David Coyne	Principal	650.00	1.10	715.00	7.30	4,745.00	3.90	2,535.00	-	-	0.50	325.00	1.20	780.00	-	-	14.00	9,100.00
Peter Krejci	Principal	650.00	0.10	65.00	0.40	260.00	0.10	65.00	-	-	-	-	1.00	650.00	-	-	1.60	1,040.00
JK	Principal	650.00	0.10	65.00	0.20	130.00	-	-	-	-	-	-	6.30	4,095.00	-	-	6.60	4,290.00
KL	Senior Manager	530.00	-	-	0.10	53.00	-	-	-	-	-	-	9.50	5,035.00	-	-	9.60	5,088.00
JM	Manager	500.00	1.80	900.00	8.90	4,450.00	6.00	3,000.00	-	-	0.50	250.00	4.20	2,100.00	-	-	21.40	10,700.00
KH	Supervisor	400.00	-	-	-	-	-	-	-	-	-	-	6.10	2,440.00	-	-	6.10	2,440.00
DSC	Senior Accountant	350.00	1.40	490.00	0.80	280.00	2.40	840.00	-	-	-	-	0.60	210.00	0.70	245.00	5.90	2,065.00
NF	Senior Accountant	300.00	-	-	-	-	-	-	-	-	-	-	13.90	4,170.00	-	-	13.90	4,170.00
BS	Intermediate Accountant	220.00	1.50	330.00	-	-	16.00	3,520.00	-	-	-	-	11.20	2,464.00	-	-	28.70	6,314.00
ST	Intermediate Accountant	220.00	4.40	968.00	-	-	0.30	66.00	0.30	66.00	-	-	1.10	242.00	-	-	6.10	1,342.00
SG	Senior Administration	200.00	0.40	80.00	-	-	-	-	-	-	-	-	-	-	-	-	0.40	80.00
Grand Total			10.80	3,613.00	17.70	9,918.00	28.70	10,026.00	0.30	66.00	1.00	575.00	55.10	22,186.00	0.70	245.00	114.30	46,629.00
Average Hourly Rate				334.54		560.34		349.34		220.00		575.00		402.65		350.00		407.95

Resolution #2

Company	Modular Prefab Solutions VIC Pty Ltd	Period From	7/6/23	To	Completion
	Practitioner		David Coyne Peter Krejci		
Administration Type	Voluntary Administration				

4.1 JOINT AND SEVERAL VOLUNTARY ADMINISTRATORS' REMUNERATION FOR THE PERIOD 7 JUNE 2023 TO COMPLETION

Task Area	General Description	Includes
Creditors 33 hrs \$ 15,000	Creditor Enquiries	Receiving and following up creditor enquiries by telephone Maintaining creditor enquiry register Reviewing and preparing correspondence to creditors and their representatives by email and post
	Secured creditor reporting	Preparing reports to secured creditor Responding to secured creditor's queries
	Creditor reports	Preparing Second Report to Creditors and annexures
	Dealing with proofs of debt	Receipting and filing Proofs when not related to a dividend Corresponding with SRO and ATO regarding Proofs when not related to a dividend
	Meeting of Creditors	Preparing meeting notices, proxies and advertisements for Second Meeting of Creditors Sending Notice of Meeting to all known creditors Preparing meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting for Second Meeting of Creditors Presenting and drafting minutes of meeting for Second Meeting of Creditors Preparing and lodging of minutes of meetings with ASIC Responding to stakeholder queries and questions immediately following meeting

Task Area	General Description	Includes
Investigation 25.5 hrs \$ 8,000	Conducting investigation	Preparing and reviewing investigation file Reviewing preliminary findings of voidable transactions that may be available to a Liquidator Lodging investigation with the ASIC Preparing and lodging supplementary report if required
	ASIC reporting	Preparing statutory investigation reports Liaising with ASIC
Administration 6 hrs \$ 2,000	Correspondence	Preparing general correspondence to stakeholders
	Document maintenance/file review/checklist	Filing of documents Updating checklists
	Bank account administration	Preparing bank account reconciliations
	ASIC Forms	Preparing and lodging ASIC forms including 505, etc
	ATO and other statutory reporting	Preparing BASs
	Finalisation	Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration Completing checklists Finalising WIP
	Planning / Review	Discussions regarding status of administration
	Books and records / storage	Dealing with records in storage Sending job files to storage
Total 64.5 hrs	Total Estimated Cost	\$25,000 (plus GST)

4.2 JOINT AND SEVERAL LIQUIDATORS' REMUNERATION

In circumstances where creditors resolve to place the Company into Liquidation and to appoint David Coyne and Peter Krejci as Joint and Several Liquidators, the Joint and Several Liquidators will seek the approval of creditors to be paid remuneration for services rendered into the Liquidation from the date of the resolution being passed to the completion of the Liquidation. A summary of the expected major tasks and costs relating to the professional services for the period is set out below.

Resolution #4

Company	Modular Prefab Solutions VIC Pty Ltd	Period From	Commencement	To	Completion
Practitioner	David Coyne Peter Krejci	Firm	BRI Ferrier		
Administration Type	Creditors Voluntary Liquidation				

Task Area	General Description	Includes
Creditors 39.5 hrs \$ 14,800	Creditor Enquiries	Receiving and following up creditor enquiries by telephone Maintaining creditor enquiry register Reviewing and preparing correspondence to creditors and their representatives by email and post
	Creditor reports	Preparing Statutory Report to Creditors and annexures
	Dealing with proofs of debt	Receipting and filing Proofs when not related to a dividend Corresponding with SRO and ATO regarding Proofs when not related to a dividend
	Meeting of Creditors	Preparing and lodging of minutes of second meeting of creditors with ASIC
Investigation 48.5 hrs \$ 18,200	Conducting investigation	Undertaking further investigations with respect to insolvent trading Undertaking further investigations with respect to voidable transactions Preparing investigation file Lodging investigation with the ASIC Preparing and lodging supplementary report if required
	Litigation / Recoveries	If required: Internal meetings to discuss status of litigation Preparing brief to solicitors Liaising with solicitors regarding recovery actions Attending to negotiations Attending to settlement matters
	ASIC reporting	Preparing statutory investigation reports Liaising with ASIC
Dividend 30.5 hrs \$ 10,100	Processing proofs of debt	Preparing correspondence to potential creditors inviting lodgement of Proofs Receipt of Proofs Maintaining Proofs of Debt register Adjudicating Proofs of Debt Requesting further information from claimants regarding Proofs Preparing correspondence to claimant advising outcome of adjudication

Task Area	General Description	Includes
	Dividend procedures	Preparing correspondence to creditors advising of intention to declare dividend Advertisement of intention to declare dividend Preparing dividend calculation Preparing correspondence to creditors announcing declaration of dividend Advertising announcement of dividend Preparing distribution Preparing dividend file Preparing payment vouchers to pay dividend Preparing correspondence to creditors enclosing payment of dividend
Administration 17 hrs \$ 6,900	Correspondence	Preparing general correspondence to stakeholders
	Document maintenance/file review/checklist	Filing of documents Undertaking file reviews Updating checklists
	Insurance	Corresponding with insurer regarding ongoing insurance requirements
	Bank account administration	Preparing correspondence closing accounts Preparing bank account reconciliations
	ASIC Forms	Preparing and lodging ASIC forms including 505, etc
	ATO and other statutory reporting	Notifying ATO of appointment Preparing BASs
	Finalisation	Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration Completing checklists Finalising WIP
	Planning / Review	Discussing status of administration
	Books and records / storage	Dealing with records in storage Sending job files to storage
Total 135.5 hrs	Total Estimated Cost	\$50,000 (plus GST)

5 STATEMENT OF REMUNERATION CLAIM

We are seeking approval for the following resolutions from creditors:

Administrators' Remuneration Resolution #1

"That the remuneration of the Joint and Several Voluntary Administrators from 3 March 2023 to 6 June 2023 is determined at a sum equal to the cost of time spent by the Joint and Several Voluntary Administrators and their partners and staff, calculated at the hourly rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be fixed at the amount of \$46,629, exclusive of GST, and that the Joint and Several Voluntary Administrators may draw the remuneration on a monthly basis or as required. Any amount in excess of this maximum would require the Joint and Several Administrators to call a further meeting of creditors/Committee of Inspection to seek approval of same or approach the Court for approval."

Administrators' Remuneration Resolution #2

"That the remuneration of the Joint and Several Voluntary Administrators from 7 June 2023 to completion of the Voluntary Administration is determined at a sum equal to the cost of time spent by the Joint and Several Voluntary Administrators and their partners and staff, calculated at the hourly rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$25,000, exclusive of GST, and that the Joint and Several Voluntary Administrators may draw the remuneration on a monthly basis or as required. Any amount in excess of this maximum would require the Joint and Several Voluntary Administrators to call a further meeting of creditors/Committee of Inspection to seek approval of same or approach the Court for approval."

Liquidators' Remuneration Resolution #4 (if applicable)

"That the remuneration of the Joint and Several Liquidators from commencement to completion of the Liquidation is determined at a sum equal to the cost of time spent by the Joint and Several Liquidators and their partners and staff, calculated at the hourly rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$50,000, exclusive of GST, and that the Joint and Several Liquidators may draw the remuneration on a monthly basis or as required. Any amount in excess of this maximum would require the Joint and Several Liquidators to call a further meeting of creditors/Committee of Inspection to seek approval of same or approach the Court for approval."

The total amount of remuneration sought with respect to this request is \$121,629.

If our time costs are less than the amount approved by creditors then we will only draw the lesser amount.

We also note that we will only be able to draw our remuneration if there are sufficient funds available in the external administration.

6 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 also intend to charge the ASIC Industry Funding levy, detailed below, as an internal disbursement.

The ASIC Industry Funding Model levy commenced on 1 July 2017. The levy is calculated per metric events including certain lodgements with ASIC and certain advertisements on the ASIC Public Notice Website (“PNW”). These include the following:

- Notice of meetings advertised on the PNW;
- Notice of intention to declare dividend on the PNW; and
- Notice of the outcome of a proposal to pass resolution without meeting lodged with ASIC.

In this Voluntary Administration, we consider that we will incur the ASIC levy for the following metric events:

- New appointment for financial year ending 30 June 2023;
- Ongoing appointment for financial year ending 30 June 2024;
- Notice calling for formal proof of debt or claim; and
- Notice of intention to declare dividend on the PNW.

We will not be provided with an invoice for the exact amount of the fee for the year to 30 June 2023 until 2024.

Our current best estimate based on indications from ASIC is the fee will be calculated on a basis of \$125 per event and we are seeking creditor approval to recover these costs as internal disbursements with a potential profit element in accordance with the recommendations from our professional body, the Australia Restructuring Insolvency and Turnaround Association.

We have undertaken a proper assessment of disbursements claimed for the Voluntary Administration of Modular Prefab Solutions VIC Pty Ltd, in accordance with the law and applicable professional standards. We are satisfied that the disbursements claimed are necessary and proper.

We are not obliged to seek creditor approval for disbursements, 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 Report.

In respect of internal disbursements, to the extent that these may be recovered at more than their cost, they may be considered as deriving a profit or advantage and must therefore be approved by creditors, a committee of inspection (if one is appointed), or by the Court prior to them being drawn.

Future disbursements with a potential profit element derived by our firm will be charged to the administration on the following basis, subject to creditors' approval:

Disbursements with a profit element	Rate (excl GST) (\$)
ASIC Industry Funding Levy	\$125 per event
Printing and Photocopying	\$0.25 per page

We are seeking the following resolution with respect to these disbursements:

Resolution #3 Administrators' Disbursements

"That the disbursements potentially deriving a profit element for the Joint and Several Voluntary Administrators from the commencement to completion of the Voluntary Administration are to be calculated at the rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$500, exclusive of GST, and that the Joint and Several Voluntary Administrators may draw disbursements on a monthly basis or as required."

Resolution #5 Liquidators' Disbursements (if applicable)

"That the disbursements potentially deriving a profit element for the Joint and Several Liquidators from the commencement to completion of the Liquidation are to be calculated at the rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$500, exclusive of GST, and that the Joint and Several Liquidators may draw disbursements on a monthly basis or as required."

If our internal disbursements are less than the amount approved by creditors then we will only draw the lesser amount.

We note that the drawing of disbursements will result in a reduction of funds available in the Liquidation.

7 LIKELY IMPACT ON DIVIDENDS

The Corporations Act 2001 sets the order for payment of claims against the company and it provides for remuneration of the external administrator to be paid in priority to other claims. This ensures that when there are sufficient funds, the external administrator receives payment for the work done to recover assets, investigate the company's affairs, report to creditors and ASIC and distribute any available funds.

Based on:

- realisations to date,
- estimated future realisations,
- our estimated remuneration to complete the Voluntary Administration;

- our estimated remuneration to complete the Liquidation; and
- the estimated total of creditor claims based on the company's records and claims lodged now,

We estimate that a dividend of between 0 and 100 cents in the dollar will be paid to priority creditors and a dividend return rate of 0 to 10 cents in the dollar is estimated to be paid to unsecured creditors. However, this is subject to a range of variables, particularly the future realisations and creditor claims.

Please refer to our Report to Creditors dated 14 June 2023 for further details with respect to the estimated return to creditors.

8 SUMMARY OF RECEIPTS AND PAYMENTS

A summary of our receipts and payments have been provided in our Report to Creditors dated 14 June 2023.

9 QUERIES

The above information is provided to assist creditors in considering the appropriateness of the remuneration claims that are being made.

Creditors should contact Mr Joshua May of the Joint and Several Voluntary Administrators' office on 03 9622 1800 or by email at jmay@brifvic.com.au to seek further information concerning the remuneration claims if they need so.

10 INFORMATION SHEET

The ARITA has produced a document entitled "Creditor Information Sheet: Approving remuneration in external administrations" that can be downloaded from the ARITA website www.arita.com.au or alternatively a copy can be obtained from this office.

11 ADVICE TO CREDITORS

11.1 REMUNERATION METHODS

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

▲ Time based / hourly rates

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

▲ Fixed Fee

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

Percentage

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

Contingency

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

11.2 METHOD CHOSEN

BRI Ferrier normally charges to use a Time Cost basis, because:

- ▶ It is often difficult to estimate accurately the likely cost of undertaking an appointment, as appointments differ in unforeseeable ways as to their factual or legal complexity;
- ▶ The Time Cost method reflects the opportunity cost to BRI Ferrier of the use of staff on a particular engagement
- ▶ The Time Cost method reflects the extent of work undertaken, reflecting in turn the nature of the appointment
- ▶ The Time Cost method can be applied equally to all aspects of an appointment, while percentage or contingent remuneration normally only reflect parts of an appointment, such as the recovery of assets. Our duties include activities, such as reporting to creditors and ASIC, that do not directly yield asset recovery, while contributing to the overall return to creditors.

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

- ▶ We will only be paid for work done, subject to sufficient realisations of the Company assets or, if there are insufficient assets realised, to the indemnity provided to us (if any).
- ▶ It ensures creditors are only charged for work that is performed. Our time is 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.

We are unable to estimate with certainty the total amount of fees necessary to complete all tasks required in this administration. BRI Ferrier reviews its hourly rates every twelve months. The hourly rates quoted above remain current until 30 June 2023. At this time BRI Ferrier may increase the hourly rates charged for work performed past that date.

11.3 EXPLANATION OF HOURLY RATES

The rates for our remuneration calculation are set out in the following table together with a general guide showing the qualifications and experience of staff engaged in the administration and the role

they take in the administration. The hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage.

HOURLY RATES		
Title	Description	Rate (excl GST)
Principal / Appointee	A Registered Liquidator. A senior accountant with over 10 years' experience. Leads the team carrying out and controls all aspects of an appointment.	\$650
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.	\$570
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.	\$530
Manager	An accountant with at least 6 years' experience. Typically qualified with well-developed technical and commercial skills, and studying or has completed specialised study in Insolvency and Reconstruction. Controls and plans all aspects of medium to larger appointments, reporting to the Team Leader.	\$500
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.	\$400
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.	\$350
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.	\$300
Intermediate 1	An accountant with less than 2 years' experience. Typically a graduate and commencing study for qualifications. Able to complete multiple tasks on smaller to medium appointments under supervision.	\$250
Intermediate 2	An accountant with less than 1 years' experience. A trainee undertaking degree with an accountancy major. Assists in the appointment under supervision.	\$220
Senior Administration	Appropriately skilled and undertakes support activities including but not limited to treasury, word processing and other administrative, clerical and secretarial tasks.	\$200
Junior Administration	Appropriately skilled and undertakes support activities including but not limited to treasury, word processing and other administrative, clerical and secretarial tasks.	\$150

11.3.1 Notes

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

Annexure "E"

Remuneration Request Approval Report

Richstone Administration Pty Ltd

(Administrators appointed)

ACN 131 701 712

14 June 2023

David Coyne and Peter Krejci
Joint and Several Voluntary Administrators

BRI Ferrier Victoria Pty Ltd ABN 18 638 454 029
Level 10, 45 William Street, Melbourne VIC 3000
PO Box 521, Collins Street West VIC 8007
Phone (03) 9622 1800

Email: info@brifvic.com.au

Website: www.briferrier.com.au



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1 DECLARATION

We, David Coyne and Peter Krejci, of BRI Ferrier have undertaken a proper assessment of this remuneration claim for our appointment as Joint and Several Voluntary Administrators of Richstone Administration Pty Ltd in accordance with the law and applicable professional standards. We are satisfied that the remuneration claimed is in respect of necessary work, properly performed, in the conduct of the Voluntary Administration.

We have reviewed the work in progress report for the Voluntary Administration to ensure that remuneration and disbursements claimed are necessary and proper.

2 EXECUTIVE SUMMARY

To date, no remuneration has been approved or paid in this administration. We are asking creditors to approve the following remuneration and disbursements:

	Remuneration	Disbursements
Voluntary Administration	\$20,268	\$500
If Company is placed into Liquidation	\$25,000	\$500

This remuneration report details approval sought for the following fees:

Period	Amount (\$, ex GST)
Past remuneration and disbursements approved:	
Total past remuneration and disbursements approved and drawn	Nil

Current Remuneration Approval Sought	Rates to Apply	To Be Drawn	Amount (\$, ex GST)
Voluntary Administration			
Resolution #1: 3 March 2023 to 6 June 2023	As provided in Remuneration Request Approval Report dated 14 June 2023	On a monthly basis or as required.	\$10,268.00
Resolution #2: 7 June 2023 to Completion of Voluntary	As provided in Remuneration Request Approval Report dated 14	On a monthly basis or as required.	\$10,000.00

Administration	June 2023		
Resolution #3: Disbursements for the period commencement to completion	As provided in Remuneration Request Approval Report dated 14 June 2023	On a monthly basis or as required.	\$500.00
Voluntary Administration Total			\$20,768.00
Creditors Voluntary Liquidation			
Resolution #4: Commencement to Completion of the Liquidation	As provided in Remuneration Request Approval Report dated 14 June 2023	On a monthly basis or as required.	\$25,000.00
Resolution #5: Disbursements for the period commencement to completion	As provided in Remuneration Request Approval Report dated 14 June 2023	On a monthly basis or as required.	\$500.00
Liquidation Total			\$25,500.00

We estimate that the total cost of this Voluntary Administration will be \$20,768. This is consistent with the estimate of costs provided in the Initial Advice to Creditors dated 7 March 2023 , which estimated a cost to complete the Voluntary Administration of \$30,000 to \$50,000.

We expect that this will be our final remuneration approval request for this Voluntary Administration

Should creditors resolve to place Richstone Administration Pty Ltd into Liquidation, we estimate that the total cost of the Liquidation will be \$25,500. However, there may be further remuneration approval requests depending on the recovery of potential claims as set out in our Second Report to Creditors dated 14 June 2023.

3 DESCRIPTION OF WORK COMPLETED / TO BE COMPLETED

Resolution #1

Company	Richstone Administration Pty Ltd	Period From <
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3.1 JOINT AND SEVERAL VOLUNTARY ADMINISTRATORS' REMUNERATION FOR THE PERIOD 3 MARCH 2023 TO 6 JUNE 2023

Task Area	General Description	Includes
Assets 0.5 hrs \$ 295	Sale of Business as a Going Concern	Reviewed proposal from Purchaser Drafted and reviewed submissions to Court regarding sale of business and assets
Creditors 14.5 hrs \$ 4,171	Retention of Title/Purchase Money Security Interest Claims	Searched the PPSR Communicated with PMSI-holders disclosed on PPSR Search Received initial notification of creditor's intention to claim Reviewed validity of PMSI claims
	Secured creditor reporting	Notified Security Interest-holders of appointment Prepared reports to secured creditor Responded to secured creditor's queries
	Creditor reports	Prepared First Report to Creditors and annexures Prepared Second Report to Creditors and annexures
	Meeting of Creditors	Prepared meeting notices, proxies and advertisements for First Meeting of Creditors Sent Notice of Meeting to all known creditors Prepared meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors and advertisement of meeting for First Meeting of Creditors Presented and drafted minutes of First Meeting of Creditors. Prepared and lodged of minutes of First Meeting of Creditors with ASIC

Task Area	General Description	Includes
Employees 0.8 hrs \$ 520	Other employee issues	Attended to workers compensation claim
Investigation 7.4 hrs \$ 2,984	Conducting investigation	Collected company books and records Reviewed company's books and records Reviewed and prepared narrative of business nature and history Conducted and summarising statutory searches Prepared deficiency statement Undertook investigations with respect to claims that may be available to a Liquidator Prepared investigation file
Administration 7.3 hrs \$ 2,298	Correspondence	Prepared general correspondence to stakeholders
	Document maintenance/file review/checklist	Filed documents Updated checklists
	Insurance	Corresponded with insurer regarding initial and ongoing insurance requirements
	Bank account administration	Prepared correspondence opening accounts Requested bank statements Prepared bank account reconciliations
	ASIC Forms	Prepared and lodged ASIC forms including 505, etc Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	Notified ATO of appointment Prepared BASs
	Books and records / storage	Dealt with records in storage Sent job files to storage
Total 30.5 hrs	Total Cost	\$10,268 (plus GST)

4 CALCULATION OF REMUNERATION

The remuneration request is summarised by employee by area of activity on the following page.

Richstone Administration Pty Ltd (Administrators Appointed)

For the period from 3 March 2023 to 6 June 2023

Name	Position	Charge Out Rate	Administration		Assets		Creditors		Employees		Investigations		Grand Total	
			Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)
David Coyne	Principal	650.00	0.80	520.00	-	-	-	-	0.80	520.00	-	-	1.60	1,040.00
Peter Krejci	Principal	650.00	-	-	0.30	195.00	-	-	-	-	1.60	1,040.00	1.90	1,235.00
JK	Principal	650.00	-	-	-	-	-	-	-	-	0.10	65.00	0.10	65.00
KL	Senior Manager	530.00	-	-	-	-	-	-	-	-	1.10	583.00	1.10	583.00
JM	Manager	500.00	0.90	450.00	0.20	100.00	2.90	1,450.00	-	-	0.30	150.00	4.30	2,150.00
KH	Supervisor	400.00	-	-	-	-	-	-	-	-	0.70	280.00	0.70	280.00
DSC	Senior Accountant	350.00	0.80	280.00	-	-	1.30	455.00	-	-	0.20	70.00	2.30	805.00
NF	Senior Accountant	300.00	-	-	-	-	-	-	-	-	0.60	180.00	0.60	180.00
BS	Intermediate Accountant	220.00	2.30	506.00	-	-	10.20	2,244.00	-	-	2.60	572.00	15.10	3,322.00
ST	Intermediate Accountant	220.00	2.10	462.00	-	-	0.10	22.00	-	-	0.20	44.00	2.40	528.00
SG	Senior Administration	200.00	0.40	80.00	-	-	-	-	-	-	-	-	0.40	80.00
Grand Total			7.30	2,298.00	0.50	295.00	14.50	4,171.00	0.80	520.00	7.40	2,984.00	30.50	10,268.00
Average Hourly Rate				314.79		590.00		287.66		650.00		403.24		336.66

Resolution #2

Company	Richstone Administration Pty Ltd	Period From Firm	7/6/23	To	Completion
Practitioner	David Coyne Peter Krejci		BRI Ferrier		
Administration Type	Voluntary Administration				

4.1 JOINT AND SEVERAL VOLUNTARY ADMINISTRATORS' REMUNERATION FOR THE PERIOD 7 JUNE 2023 TO COMPLETION

Task Area	General Description	Includes
Creditors 13.5 hrs \$ 4,700	Creditor Enquiries	Receiving and following up creditor enquiries by telephone Maintaining creditor enquiry register Reviewing and preparing correspondence to creditors and their representatives by email and post
	Creditor reports	Preparing Second Report to Creditors and annexures
	Dealing with proofs of debt	Receipting and filing Proofs when not related to a dividend Corresponding with SRO and ATO regarding Proofs when not related to a dividend
	Meeting of Creditors	Preparing meeting notices, proxies and advertisements for Second Meeting of Creditors Sending Notice of Meeting to all known creditors Preparing meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting for Second Meeting of Creditors Presenting and drafting minutes of meeting for Second Meeting of Creditors Preparing and lodging of minutes of meetings with ASIC Responding to stakeholder queries and questions immediately following meeting
Investigation 9 hrs \$ 3,300	Conducting investigation	Preparing and reviewing investigation file Reviewing preliminary findings of voidable transactions that may be available to a Liquidator Lodging investigation with the ASIC Preparing and lodging supplementary report if

Task Area	General Description	Includes
Administration 6 hrs \$ 2,000 Total 28.5 hrs		required
	ASIC reporting	Preparing statutory investigation reports Liaising with ASIC
	Correspondence	Preparing general correspondence to stakeholders
	Document maintenance/file review/checklist	Filing of documents Updating checklists
	Bank account administration	Preparing bank account reconciliations
	ASIC Forms	Preparing and lodging ASIC forms including 505, etc Corresponding with ASIC regarding statutory forms
	ATO and other statutory reporting	Preparing BASs
	Finalisation	Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration Completing checklists Finalising WIP
	Planning / Review	Discussions regarding status of administration
	Books and records / storage	Dealing with records in storage Sending job files to storage
Total Estimated Cost		\$10,000 (plus GST)

Resolution #4

Company

4.2 JOINT AND SEVERAL LIQUIDATORS' REMUNERATION

In circumstances where creditors resolve to place the Company into Liquidation and to appoint David Coyne and Peter Krejci as Joint and Several Liquidators, the Joint and Several Liquidators will seek the approval of creditors to be paid remuneration for services rendered into the Liquidation from the date of the resolution being passed to the completion of the Liquidation. A summary of the expected major tasks and costs relating to the professional services for the period is set out below.

Task Area	General Description	Includes
Creditors 23 hrs \$ 8,100	Creditor Enquiries	Receiving and following up creditor enquiries by telephone Maintaining creditor enquiry register Reviewing and preparing correspondence to creditors and their representatives by email and post
	Creditor reports	Preparing Statutory Report to Creditors and annexures
	Dealing with proofs of debt	Receipting and filing Proofs when not related to a dividend Corresponding with SRO and ATO regarding Proofs when not related to a dividend
Investigation 36.5 hrs \$ 12,000	Conducting investigation	Undertaking further investigations with respect to potential Liquidator recoveries, such as insolvent trading Preparing investigation file pursuant to Section 533 of the Corporations Act 2001 Lodging investigation with the ASIC Preparing and lodging supplementary report if required
	Litigation / Recoveries	If required: Internal meetings to discuss status of litigation Preparing brief to solicitors Liaising with solicitors regarding recovery actions Attending to negotiations Attending to settlement matters
	ASIC reporting	Preparing statutory investigation reports Liaising with ASIC
Administration 13.5 hrs \$ 4,900	Correspondence	Preparing general correspondence to stakeholders
	Document maintenance/file review/checklist	Filing of documents Undertaking file reviews Updating checklists
	Bank account administration	Preparing bank account reconciliations Corresponding with bank regarding specific transfers
	ASIC Forms	Preparing and lodging ASIC forms including 505, etc
	ATO and other statutory reporting	Notifying ATO of appointment Preparing BASs
	Finalisation	Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration Completing checklists Finalising WIP

Task Area	General Description	Includes
Total 73 hrs	Planning / Review	Discussions regarding status of administration
	Books and records / storage	Dealing with records in storage Sending job files to storage
	Total Estimated Cost	\$25,000 (plus GST)

5 STATEMENT OF REMUNERATION CLAIM

We are seeking approval for the following resolutions from creditors:

Administrators' Remuneration Resolution #1

"That the remuneration of the Joint and Several Voluntary Administrators from 3 March 2023 to 6 June 2023 is determined at a sum equal to the cost of time spent by the Joint and Several Voluntary Administrators and their partners and staff, calculated at the hourly rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be fixed at the amount of \$10,268, exclusive of GST, and that the Joint and Several Voluntary Administrators may draw the remuneration on a monthly basis or as required. Any amount in excess of this maximum would require the Joint and Several Administrators to call a further meeting of creditors/Committee of Inspection to seek approval of same or approach the Court for approval."

Administrators' Remuneration Resolution #2

"That the remuneration of the Joint and Several Voluntary Administrators from 7 June 2023 to completion of the Voluntary Administration is determined at a sum equal to the cost of time spent by the Joint and Several Voluntary Administrators and their partners and staff, calculated at the hourly rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$10,000, exclusive of GST, and that the Joint and Several Voluntary Administrators may draw the remuneration on a monthly basis or as required. Any amount in excess of this maximum would require the Joint and Several Voluntary Administrators to call a further meeting of creditors/Committee of Inspection to seek approval of same or approach the Court for approval."

Liquidators' Remuneration Resolution #4 (if applicable)

"That the remuneration of the Joint and Several Liquidators from commencement to completion of the Liquidation is determined at a sum equal to the cost of time spent by the Joint and Several Liquidators and their partners and staff, calculated at the hourly rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$25,000, exclusive of GST, and that the Joint and Several Liquidators may draw the remuneration on a monthly basis or as required. Any amount in excess of this maximum would require the Joint and Several Liquidators to call a further meeting of creditors/Committee of Inspection to seek approval of same or approach the Court for approval."

The total amount of remuneration sought with respect to this request is \$45,268.

If our time costs are less than the amount approved by creditors then we will only draw the lesser amount.

We also note that we will only be able to draw our remuneration if there are sufficient funds available in the external administration.

6 DISBURSEMENTS

Disbursements are divided into three types:

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

The ASIC Industry Funding Model levy commenced on 1 July 2017. The levy is calculated per metric events including certain lodgements with ASIC and certain advertisements on the ASIC Public Notice Website (“PNW”). These include the following:

- Notice of meetings advertised on the PNW;
- Notice of intention to declare dividend on the PNW; and
- Notice of the outcome of a proposal to pass resolution without meeting lodged with ASIC.

In this Voluntary Administration, we consider that we will incur the ASIC levy for the following metric events:

- New appointment for financial year ending 30 June 2023;
- Ongoing appointment for financial year ending 30 June 2024;
- Notice calling for formal proof of debt or claim; and
- Notice of intention to declare dividend on the PNW.

We will not be provided with an invoice for the exact amount of the fee for the year to 30 June 2023 until 2024.

Our current best estimate based on indications from ASIC is the fee will be calculated on a basis of \$125 per event and we are seeking creditor approval to recover these costs as internal disbursements with a potential profit element in accordance with the recommendations from our professional body, the Australia Restructuring Insolvency and Turnaround Association.

We have undertaken a proper assessment of disbursements claimed for the Voluntary Administration of Richstone Administration Pty Ltd, in accordance with the law and applicable professional standards. We are satisfied that the disbursements claimed are necessary and proper.

We are not obliged to seek creditor approval for disbursements, 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 Report.

In respect of internal disbursements, to the extent that these may be recovered at more than their cost, they may be considered as deriving a profit or advantage and must therefore be approved by creditors, a committee of inspection (if one is appointed), or by the Court prior to them being drawn.

Future disbursements with a potential profit element derived by our firm will be charged to the administration on the following basis, subject to creditors' approval:

Disbursements with a profit element	Rate (excl GST) (\$)
ASIC Industry Funding Levy	\$125 per event
Printing and Photocopying	\$0.25 per page

We are seeking the following resolution with respect to these disbursements:

Resolution #3 Administrators' Disbursements

"That the disbursements potentially deriving a profit element for the Joint and Several Voluntary Administrators from the commencement to completion of the Voluntary Administration are to be calculated at the rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$500, exclusive of GST, and that the Joint and Several Voluntary Administrators may draw disbursements on a monthly basis or as required."

Resolution #5 Liquidators' Disbursements

"That the disbursements potentially deriving a profit element for the Joint and Several Liquidators from the commencement to completion of the Liquidation are to be calculated at the rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$500, exclusive of GST, and that the Joint and Several Liquidators may draw disbursements on a monthly basis or as required."

If our internal disbursements are less than the amount approved by creditors then we will only draw the lesser amount.

We note that the drawing of disbursements will result in a reduction of funds available in the Liquidation.

7 LIKELY IMPACT ON DIVIDENDS

The Corporations Act 2001 sets the order for payment of claims against the company and it provides for remuneration of the external administrator to be paid in priority to other claims. This ensures that when there are sufficient funds, the external administrator receives payment for the work done to recover assets, investigate the company's affairs, report to creditors and ASIC and distribute any available funds.

Based on:

- realisations to date,
- estimated future realisations,
- our estimated remuneration to complete the Voluntary Administration;
- our estimated remuneration to complete the Liquidation; and
- the estimated total of creditor claims based on the company's records and claims lodged now,

A dividend to any class of creditors is not expected.

Please refer to our Report to Creditors dated 14 June 2023 for further details with respect to the estimated return to creditors.

8 SUMMARY OF RECEIPTS AND PAYMENTS

A summary of our receipts and payments have been provided in my Report to Creditors dated 14 June 2023.

9 QUERIES

The above information is provided to assist creditors in considering the appropriateness of the remuneration claims that are being made.

Creditors should contact Mr Joshua May of the Joint and Several Voluntary Administrators' office on 03 9622 1800 or by email at jmay@brifvic.com.au to seek further information concerning the remuneration claims if they need so.

10 INFORMATION SHEET

The ARITA has produced a document entitled "Creditor Information Sheet: Approving remuneration in external administrations" that can be downloaded from the ARITA website www.arita.com.au or alternatively a copy can be obtained from this office.

11 ADVICE TO CREDITORS

11.1 REMUNERATION METHODS

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

- Time based / hourly rates

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

- Fixed Fee

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

- Percentage

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

- Contingency

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

11.2 METHOD CHOSEN

BRI Ferrier normally charges to use a Time Cost basis, because:

- It is often difficult to estimate accurately the likely cost of undertaking an appointment, as appointments differ in unforeseeable ways as to their factual or legal complexity;
- The Time Cost method reflects the opportunity cost to BRI Ferrier of the use of staff on a particular engagement
- The Time Cost method reflects the extent of work undertaken, reflecting in turn the nature of the appointment
- The Time Cost method can be applied equally to all aspects of an appointment, while percentage or contingent remuneration normally only reflect parts of an appointment, such as the recovery of assets. Our duties include activities, such as reporting to creditors and ASIC, that do not directly yield asset recovery, while contributing to the overall return to creditors.

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

- We will only be paid for work done, subject to sufficient realisations of the Company assets or, if there are insufficient assets realised, to the indemnity provided to us (if any).

- It ensures creditors are only charged for work that is performed. Our time is 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.

We are unable to estimate with certainty the total amount of fees necessary to complete all tasks required in this administration. BRI Ferrier reviews its hourly rates every twelve months. The hourly rates quoted above remain current until 30 June 2023. At this time BRI Ferrier may increase the hourly rates charged for work performed past that date.

11.3 EXPLANATION OF HOURLY RATES

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

HOURLY RATES		
Title	Description	Rate (excl GST)
Principal / Appointee	A Registered Liquidator. A senior accountant with over 10 years' experience. Leads the team carrying out and controls all aspects of an appointment.	\$650
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.	\$570
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.	\$530
Manager	An accountant with at least 6 years' experience. Typically qualified with well-developed technical and commercial skills, and studying or has completed specialised study in Insolvency and Reconstruction. Controls and plans all aspects of medium to larger appointments, reporting to the Team Leader.	\$500
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.	\$400
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.	\$350
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.	\$300
Intermediate 1	An accountant with less than 2 years' experience. Typically a graduate and commencing study for qualifications. Able to complete multiple tasks on smaller to medium appointments under supervision.	\$250

Intermediate 2	An accountant with less than 1 years' experience. A trainee undertaking degree with an accountancy major. Assists in the appointment under supervision.	\$220
Senior Administration	Appropriately skilled and undertakes support activities including but not limited to treasury, word processing and other administrative, clerical and secretarial tasks.	\$200
Junior Administration	Appropriately skilled and undertakes support activities including but not limited to treasury, word processing and other administrative, clerical and secretarial tasks.	\$150

11.3.1 Notes

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

Annexure "E"

Remuneration Request Approval Report

Richstone Australia Group Pty Ltd

(Administrators appointed)

ACN 160 820 146

14 June 2023

David Coyne and Peter Krejci
Joint and Several Voluntary Administrators

BRI Ferrier Victoria Pty Ltd ABN 18 638 454 029
Level 10, 45 William Street, Melbourne VIC 3000
PO Box 521, Collins Street West VIC 8007

Phone (03) 9622 1800

Email: info@brifvic.com.au

Website: www.briferrier.com.au



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1 DECLARATION

We, David Coyne and Peter Krejci, of BRI Ferrier have undertaken a proper assessment of this remuneration claim for our appointment as Joint and Several Voluntary Administrators of Richstone Australia Group Pty Ltd in accordance with the law and applicable professional standards. We are satisfied that the remuneration claimed is in respect of necessary work, properly performed, in the conduct of the Voluntary Administration.

We have reviewed the work in progress report for the Voluntary Administration to ensure that remuneration and disbursements claimed are necessary and proper.

2 EXECUTIVE SUMMARY

To date, no remuneration has been approved or paid in this administration. We are asking creditors to approve the following remuneration and disbursements:

	Remuneration	Disbursements
Voluntary Administration	\$21,091	\$500
If Company is placed into Liquidation	\$25,000	\$500

This remuneration report details approval sought for the following fees:

Period	Amount (\$, ex GST)
Past remuneration and disbursements approved:	
Total past remuneration and disbursements approved and drawn	Nil

Current Remuneration Approval Sought	Rates to Apply	To Be Drawn	Amount (\$, ex GST)
Voluntary Administration			
Resolution #1: 3 March 2023 to 6 June 2023	As provided in Remuneration Request Approval Report dated 14 June 2023	On a monthly basis or as required.	\$11,091.00
Resolution #2: 7 June 2023 to Completion of Voluntary	As provided in Remuneration Request Approval Report dated 14	On a monthly basis or as required.	\$10,000.00

Administration	June 2023		
Resolution #3: Disbursements for the period commencement to completion	As provided in Remuneration Request Approval Report dated 14 June 2023	On a monthly basis or as required.	\$500.00
Voluntary Administration Total			\$21,591.00
Creditors Voluntary Liquidation			
Resolution #4: Commencement to Completion of the Liquidation	As provided in Remuneration Request Approval Report dated 14 June 2023	On a monthly basis or as required.	\$25,000.00
Resolution #5: Disbursements for the period commencement to completion	As provided in Remuneration Request Approval Report dated 14 June 2023	On a monthly basis or as required.	\$500.00
Liquidation Total			\$25,500.00

We estimate that the total cost of this Voluntary Administration will be \$21,591. This is consistent with the estimate of costs provided in the Initial Advice to Creditors dated 7 March 2023, which estimated a cost to complete the Voluntary Administration of \$30,000 to \$50,000.

We expect that this will be our final remuneration approval request for this Voluntary Administration

Should creditors resolve to place Richstone Australia Group Pty Ltd into Liquidation, we estimate that the total cost of the Liquidation will be \$25,500. However, there may be further remuneration approval requests depending on the recovery of potential claims as set out in our Second Report to Creditors dated 14 June 2023.

3 DESCRIPTION OF WORK COMPLETED / TO BE COMPLETED

Resolution #1

Company	Richstone Australia Group Pty Ltd	Period From
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3.1 JOINT AND SEVERAL VOLUNTARY ADMINISTRATORS' REMUNERATION FOR THE PERIOD 3 MARCH 2023 TO 6 JUNE 2023

Task Area	General Description	Includes
Assets 1.2 hrs \$ 645	Sale of Business as a Going Concern	Reviewed proposal from Purchaser Drafted and reviewed submissions to Court regarding sale of business and assets
	Assets subject to specific charges	Responded to query from PMSI holder regarding stock
	Other Assets	Reviewed shareholder agreement
Creditors 17.7 hrs \$ 5,177	Creditor Enquiries	Received and followed up creditor enquiries by telephone Reviewed and prepared correspondence to creditors and their representatives by email and post
	Retention of Title/Purchase Money Security Interest Claims	Searched the PPSR Communicated with PMSI-holders disclosed on PPSR Search Received initial notification of creditor's intention to claim Reviewed validity of PMSI claims
	Secured creditor reporting	Notified Security Interest-holders of appointment Prepared reports to secured creditor Responded to secured creditor's queries
	Creditor reports	Prepared First Report to Creditors and annexures Prepared Second Report to Creditors and annexures
	Dealing with proofs of debt	Receipted and filed Proofs when not related to a dividend
	Meeting of Creditors	Prepared meeting notices, proxies and advertisements for First Meeting of Creditors

Task Area	General Description	Includes
		<p>Sent Notice of Meeting to all known creditors</p> <p>Prepared meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors and advertisement of meeting for First Meeting of Creditors</p> <p>Presented and drafted minutes of First Meeting of Creditors.</p> <p>Prepared and lodged of minutes of First Meeting of Creditors with ASIC</p>
Investigation 8.1 hrs \$ 3,034	Conducting investigation	<p>Collected company books and records</p> <p>Reviewed company's books and records</p> <p>Reviewed and prepared narrative of business nature and history</p> <p>Conducted and summarising statutory searches</p> <p>Prepared deficiency statement</p> <p>Undertook investigations with respect to claims that may be available to a Liquidator</p> <p>Prepared investigation file</p>
Administration 6.7 hrs \$ 2,235	Correspondence	Prepared general correspondence to stakeholders
	Document maintenance/file review/checklist	<p>Filed documents</p> <p>Updated checklists</p>
	Insurance	Corresponded with insurer regarding initial and ongoing insurance requirements
	Bank account administration	<p>Prepared correspondence opening accounts</p> <p>Requested bank statements</p>
	ASIC Forms	Prepared and lodged ASIC forms including 505, etc
	ATO and other statutory reporting	<p>Notified ATO of appointment</p> <p>Prepared BASs</p>
	Planning / Review	Discussions regarding status of administration
Total 33.7 hrs	Total Cost	\$11,091 (plus GST)

4 CALCULATION OF REMUNERATION

The remuneration request is summarised by employee by area of activity on the following page.

Richstone Australia Group Pty Ltd (Administrators Appointed)
For the period from 3 March 2023 to 6 June 2023

Name	Position	Charge Out Rate	Administration		Assets		Creditors		Investigations		Grand Total	
			Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)
David Coyne	Principal	650.00	0.80	520.00	-	-	-	-	-	-	0.80	520.00
Peter Krejci	Principal	650.00	-	-	0.30	195.00	-	-	0.40	260.00	0.70	455.00
JK	Principal	650.00	-	-	-	-	-	-	0.10	65.00	0.10	65.00
KL	Senior Manager	530.00	-	-	-	-	-	-	1.50	795.00	1.50	795.00
JM	Manager	500.00	1.10	550.00	0.90	450.00	3.70	1,850.00	1.00	500.00	6.70	3,350.00
KH	Supervisor	400.00	-	-	-	-	-	-	1.30	520.00	1.30	520.00
DSC	Senior Accountant	350.00	0.90	315.00	-	-	1.90	665.00	0.20	70.00	3.00	1,050.00
NF	Senior Accountant	300.00	-	-	-	-	-	-	0.40	120.00	0.40	120.00
BS	Intermediate Accountant	220.00	1.60	352.00	-	-	12.00	2,640.00	3.10	682.00	16.70	3,674.00
ST	Intermediate Accountant	220.00	1.90	418.00	-	-	0.10	22.00	0.10	22.00	2.10	462.00
SG	Senior Administration	200.00	0.40	80.00	-	-	-	-	-	-	0.40	80.00
Grand Total			6.70	2,235.00	1.20	645.00	17.70	5,177.00	8.10	3,034.00	33.70	11,091.00
Average Hourly Rate				333.58		537.50		292.49		374.57		329.11

Resolution #2

Company	Richstone Australia Group Pty Ltd	Period From	7/6/23	To	Completion
Practitioner	David Coyne Peter Krejci	Firm	BRI Ferrier		
Administration Type	Voluntary Administration				

4.1 JOINT AND SEVERAL VOLUNTARY ADMINISTRATORS' REMUNERATION FOR THE PERIOD 7 JUNE 2023 TO COMPLETION

Task Area	General Description	Includes
Creditors 13.5 hrs \$ 4,700	Creditor Enquiries	Receiving and following up creditor enquiries by telephone Maintaining creditor enquiry register Reviewing and preparing correspondence to creditors and their representatives by email and post
	Secured creditor reporting	Preparing reports to secured creditor Responding to secured creditor's queries
	Creditor reports	Preparing Second Report to Creditors and annexures
	Dealing with proofs of debt	Receipting and filing Proofs when not related to a dividend Corresponding with SRO and ATO regarding Proofs when not related to a dividend
	Meeting of Creditors	Preparing meeting notices, proxies and advertisements for Second Meeting of Creditors Sending Notice of Meeting to all known creditors Preparing meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting for Second Meeting of Creditors Presenting and drafting minutes of meeting for Second Meeting of Creditors Preparing and lodging of minutes of meetings with ASIC Responding to stakeholder queries and questions immediately following meeting
Investigation	Conducting investigation	Preparing and reviewing investigation file

Task Area	General Description	Includes
9 hrs \$ 3,300		Reviewing preliminary findings of voidable transactions that may be available to a Liquidator Lodging investigation with the ASIC Preparing and lodging supplementary report if required
	ASIC reporting	Preparing statutory investigation reports Liaising with ASIC
Administration 6 hrs \$ 2,000	Correspondence	Preparing general correspondence to stakeholders
	Document maintenance/file review/checklist	Filing of documents Updating checklists
	Bank account administration	Preparing bank account reconciliations
	ASIC Forms	Preparing and lodging ASIC forms including 505, etc
	ATO and other statutory reporting	Preparing BASs
	Finalisation	Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration Completing checklists Finalising WIP
	Planning / Review	Discussions regarding status of administration
	Books and records / storage	Dealing with records in storage Sending job files to storage
Total 28.5 hrs	Total Estimated Cost	\$10,000 (plus GST)

Resolution #4

Company	Richstone Australia Group Pty Ltd	Period From	Commencement	To	Completion
Practitioner	David Coyne Peter Krejci	Firm	BRI Ferrier		
Administration Type	Creditors Voluntary Liquidation				

4.2 JOINT AND SEVERAL LIQUIDATORS' REMUNERATION

In circumstances where creditors resolve to place the Company into Liquidation and to appoint David Coyne and Peter Krejci as Joint and Several Liquidators, the Joint and Several Liquidators will seek the approval of creditors to be paid remuneration for services rendered into the Liquidation from the date of the resolution being passed to the completion of the Liquidation. A summary of the expected major tasks and costs relating to the professional services for the period is set out below.

Task Area	General Description	Includes
Creditors 23 hrs \$ 8,100	Creditor Enquiries	Receiving and following up creditor enquiries by telephone Maintaining creditor enquiry register Reviewing and preparing correspondence to creditors and their representatives by email and post
	Creditor reports	Preparing Statutory Report to Creditors and annexures
	Dealing with proofs of debt	Receipting and filing Proofs when not related to a dividend Corresponding with SRO and ATO regarding Proofs when not related to a dividend
Investigation 36.5 hrs \$ 12,000	Conducting investigation	Undertaking further investigations with respect to potential Liquidator recoveries, such as insolvent trading Preparing investigation file pursuant to Section 533 of the Corporations Act 2001 Lodging investigation with the ASIC Preparing and lodging supplementary report if required
	Litigation / Recoveries	If required: Internal meetings to discuss status of litigation Preparing brief to solicitors Liaising with solicitors regarding recovery actions Attending to negotiations Attending to settlement matters
	ASIC reporting	Preparing statutory investigation reports Liaising with ASIC
Administration 13.5 hrs \$ 4,900	Correspondence	Preparing general correspondence to stakeholders
	Document maintenance/file review/checklist	Filing of documents Undertaking file reviews Updating checklists
	Bank account administration	Preparing bank account reconciliations
	ASIC Forms	Preparing and lodging ASIC forms including 505, etc
	ATO and other statutory reporting	Notifying ATO of appointment Preparing BASs
	Finalisation	Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration Completing checklists Finalising WIP

Task Area	General Description	Includes
Total 73 hrs	Planning / Review	Discussions regarding status of administration
	Books and records / storage	Dealing with records in storage Sending job files to storage
	Total Estimated Cost	\$25,000 (plus GST)

5 STATEMENT OF REMUNERATION CLAIM

We are seeking approval for the following resolutions from creditors:

Administrators' Remuneration Resolution #1

"That the remuneration of the Joint and Several Voluntary Administrators from 3 March 2023 to 6 June 2023 is determined at a sum equal to the cost of time spent by the Joint and Several Voluntary Administrators and their partners and staff, calculated at the hourly rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be fixed at the amount of \$11,091, exclusive of GST, and that the Joint and Several Voluntary Administrators may draw the remuneration on a monthly basis or as required. Any amount in excess of this maximum would require the Joint and Several Administrators to call a further meeting of creditors/Committee of Inspection to seek approval of same or approach the Court for approval."

Administrators' Remuneration Resolution #2

"That the remuneration of the Joint and Several Voluntary Administrators from 7 June 2023 to completion of the Voluntary Administration is determined at a sum equal to the cost of time spent by the Joint and Several Voluntary Administrators and their partners and staff, calculated at the hourly rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$10,000, exclusive of GST, and that the Joint and Several Voluntary Administrators may draw the remuneration on a monthly basis or as required. Any amount in excess of this maximum would require the Joint and Several Voluntary Administrators to call a further meeting of creditors/Committee of Inspection to seek approval of same or approach the Court for approval."

Liquidators' Remuneration Resolution #4 (if applicable)

"That the remuneration of the Joint and Several Liquidators from commencement to completion of the Liquidation is determined at a sum equal to the cost of time spent by the Joint and Several Liquidators and their partners and staff, calculated at the hourly rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$25,000, exclusive of GST, and that the Joint and Several Liquidators may draw the remuneration on a monthly basis or as required. Any amount in excess of this maximum would require the Joint and Several Liquidators to call a further meeting of creditors/Committee of Inspection to seek approval of same or approach the Court for approval."

The total amount of remuneration sought with respect to this request is \$46,091.

If our time costs are less than the amount approved by creditors then we will only draw the lesser amount.

We also note that we will only be able to draw our remuneration if there are sufficient funds available in the external administration.

6 DISBURSEMENTS

Disbursements are divided into three types:

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

The ASIC Industry Funding Model levy commenced on 1 July 2017. The levy is calculated per metric events including certain lodgements with ASIC and certain advertisements on the ASIC Public Notice Website (“PNW”). These include the following:

- Notice of meetings advertised on the PNW;
- Notice of intention to declare dividend on the PNW; and
- Notice of the outcome of a proposal to pass resolution without meeting lodged with ASIC.

In this Voluntary Administration, we consider that we will incur the ASIC levy for the following metric events:

- New appointment for financial year ending 30 June 2023;
- Ongoing appointment for financial year ending 30 June 2024;
- Notice calling for formal proof of debt or claim; and
- Notice of intention to declare dividend on the PNW.

We will not be provided with an invoice for the exact amount of the fee for the year to 30 June 2023 until 2024.

Our current best estimate based on indications from ASIC is the fee will be calculated on a basis of \$125 per event and we are seeking creditor approval to recover these costs as internal disbursements with a potential profit element in accordance with the recommendations from our professional body, the Australia Restructuring Insolvency and Turnaround Association.

We have undertaken a proper assessment of disbursements claimed for the Voluntary Administration of Richstone Australia Group Pty Ltd, in accordance with the law and applicable professional standards. We are satisfied that the disbursements claimed are necessary and proper.

We are not obliged to seek creditor approval for disbursements, 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 Report.

In respect of internal disbursements, to the extent that these may be recovered at more than their cost, they may be considered as deriving a profit or advantage and must therefore be approved by creditors, a committee of inspection (if one is appointed), or by the Court prior to them being drawn.

Future disbursements with a potential profit element derived by our firm will be charged to the administration on the following basis, subject to creditors' approval:

Disbursements with a profit element	Rate (excl GST) (\$)
ASIC Industry Funding Levy	\$125 per event
Printing and Photocopying	\$0.25 per page

We are seeking the following resolution with respect to these disbursements:

Resolution #3 Administrators' Disbursements

"That the disbursements potentially deriving a profit element for the Joint and Several Voluntary Administrators from the commencement to completion of the Voluntary Administration are to be calculated at the rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$500, exclusive of GST, and that the Joint and Several Voluntary Administrators may draw disbursements on a monthly basis or as required."

Resolution #5 Liquidators' Disbursements

"That the disbursements potentially deriving a profit element for the Joint and Several Liquidators from the commencement to completion of the Liquidation are to be calculated at the rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$500, exclusive of GST, and that the Joint and Several Liquidators may draw disbursements on a monthly basis or as required."

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7 LIKELY IMPACT ON DIVIDENDS

The Corporations Act 2001 sets the order for payment of claims against the company and it provides for remuneration of the external administrator to be paid in priority to other claims. This ensures that when there are sufficient funds, the external administrator receives payment for the work done to recover assets, investigate the company's affairs, report to creditors and ASIC and distribute any available funds.

Based on:

- realisations to date,
- estimated future realisations,
- our estimated remuneration to complete the Voluntary Administration;
- our estimated remuneration to complete the Liquidation; and
- the estimated total of creditor claims based on the company's records and claims lodged now,

A dividend to any class of creditors is not expected.

Please refer to our Report to Creditors dated 14 June 2023 for further details with respect to the estimated return to creditors.

8 SUMMARY OF RECEIPTS AND PAYMENTS

A summary of our receipts and payments have been provided in my Report to Creditors dated 14 June 2023.

9 QUERIES

The above information is provided to assist creditors in considering the appropriateness of the remuneration claims that are being made.

Creditors should contact Mr Joshua May of the Joint and Several Voluntary Administrators' office on 03 9622 1800 or by email at jmay@brifvic.com.au to seek further information concerning the remuneration claims if they need so.

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11 ADVICE TO CREDITORS

11.1 REMUNERATION METHODS

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

- Time based / hourly rates

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

- Fixed Fee

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

- Percentage

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

- Contingency

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

11.2 METHOD CHOSEN

BRI Ferrier normally charges to use a Time Cost basis, because:

- It is often difficult to estimate accurately the likely cost of undertaking an appointment, as appointments differ in unforeseeable ways as to their factual or legal complexity;
- The Time Cost method reflects the opportunity cost to BRI Ferrier of the use of staff on a particular engagement
- The Time Cost method reflects the extent of work undertaken, reflecting in turn the nature of the appointment
- The Time Cost method can be applied equally to all aspects of an appointment, while percentage or contingent remuneration normally only reflect parts of an appointment, such as the recovery of assets. Our duties include activities, such as reporting to creditors and ASIC, that do not directly yield asset recovery, while contributing to the overall return to creditors.

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

- We will only be paid for work done, subject to sufficient realisations of the Company assets or, if there are insufficient assets realised, to the indemnity provided to us (if any).

- It ensures creditors are only charged for work that is performed. Our time is 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.

We are unable to estimate with certainty the total amount of fees necessary to complete all tasks required in this administration. BRI Ferrier reviews its hourly rates every twelve months. The hourly rates quoted above remain current until 30 June 2023. At this time BRI Ferrier may increase the hourly rates charged for work performed past that date.

11.3 EXPLANATION OF HOURLY RATES

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

HOURLY RATES		
Title	Description	Rate (excl GST)
Principal / Appointee	A Registered Liquidator. A senior accountant with over 10 years' experience. Leads the team carrying out and controls all aspects of an appointment.	\$650
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.	\$570
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.	\$530
Manager	An accountant with at least 6 years' experience. Typically qualified with well-developed technical and commercial skills, and studying or has completed specialised study in Insolvency and Reconstruction. Controls and plans all aspects of medium to larger appointments, reporting to the Team Leader.	\$500
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.	\$400
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.	\$350
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.	\$300
Intermediate 1	An accountant with less than 2 years' experience. Typically a graduate and commencing study for qualifications. Able to complete multiple tasks on smaller to medium appointments under supervision.	\$250

Intermediate 2	An accountant with less than 1 years' experience. A trainee undertaking degree with an accountancy major. Assists in the appointment under supervision.	\$220
Senior Administration	Appropriately skilled and undertakes support activities including but not limited to treasury, word processing and other administrative, clerical and secretarial tasks.	\$200
Junior Administration	Appropriately skilled and undertakes support activities including but not limited to treasury, word processing and other administrative, clerical and secretarial tasks.	\$150

11.3.1 Notes

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

Annexure "E"

Remuneration Request Approval Report

Richstone Plumbing Pty Ltd

(Administrators appointed)

ACN 104 934 358

14 June 2023

David Coyne and Peter Krejci
Joint and Several Voluntary Administrators

BRI Ferrier Victoria Pty Ltd ABN 18 638 454 029
Level 10, 45 William Street, Melbourne VIC 3000
PO Box 521, Collins Street West VIC 8007

Phone (03) 9622 1800

Email: info@brifvic.com.au

Website: www.briferrier.com.au



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1 DECLARATION

We, David Coyne and Peter Krejci, of BRI Ferrier have undertaken a proper assessment of this remuneration claim for our appointment as Joint and Several Voluntary Administrators of Richstone Plumbing Pty Ltd in accordance with the law and applicable professional standards. We are satisfied that the remuneration claimed is in respect of necessary work, properly performed, in the conduct of the Voluntary Administration.

We have reviewed the work in progress report for the Voluntary Administration to ensure that remuneration and disbursements claimed are necessary and proper.

2 EXECUTIVE SUMMARY

To date, no remuneration has been approved or paid in this administration. We are asking creditors to approve the following remuneration and disbursements:

	Remuneration	Disbursements
Voluntary Administration	\$183,938	\$500
If Company is placed into Liquidation	\$100,000	\$500

This remuneration report details approval sought for the following fees:

Period	Amount (\$, ex GST)
Past remuneration and disbursements approved:	
Total past remuneration and disbursements approved and drawn	Nil

Current Remuneration Approval Sought	Rates to Apply	To Be Drawn	Amount (\$, ex GST)
Voluntary Administration			
Resolution #1: 3 March 2023 to 6 June 2023	As provided in Remuneration Request Approval Report dated 14 June 2023	On a monthly basis or as required.	\$153,938.00
Resolution #2: 7 June 2023 to Completion of Voluntary	As provided in Remuneration Request Approval Report dated 14	On a monthly basis or as required.	\$30,000.00

Administration	June 2023		
Resolution #3: Disbursements for the period commencement to completion	As provided in Remuneration Request Approval Report dated 14 June 2023	On a monthly basis or as required.	\$500.00
Voluntary Administration Total			\$184,438.00
Creditors Voluntary Liquidation			
Resolution #4: Commencement to Completion of the Liquidation	As provided in Remuneration Request Approval Report dated 14 June 2023	On a monthly basis or as required.	\$100,000.00
Resolution #5: Disbursements for the period commencement to completion	As provided in Remuneration Request Approval Report dated 14 June 2023	On a monthly basis or as required.	\$500.00
Liquidation Total			\$100,500.00

We estimate that the total cost of this Voluntary Administration will be \$184,438. This differs to the estimate of costs up to completion of \$75,000 to \$150,000 provided in the First Report to Creditors dated 7 March 2023 for the following reasons:

- Greater than expected time costs incurred attending to the negotiation and execution of the sale of business and assets as a going concern, including application to Court.
- Greater than expected time costs incurred attending to the completion of the sale of business and assets, including finalisation of assignment deeds.

We expect that this will be our final remuneration approval request for this Voluntary Administration

Should creditors resolve to place Richstone Plumbing Pty Ltd into Liquidation, we estimate that the total cost of the Liquidation will be \$100,500. However, there may be further remuneration approval requests depending on the recovery of potential claims as set out in our Second Report to Creditors dated 14 June 2023.

3 DESCRIPTION OF WORK COMPLETED / TO BE COMPLETED

Resolution #1

Company	Richstone Plumbing Pty Ltd	Period From	3/3/23	To	6/6/23
Practitioner	David Coyne	Firm	BRI Ferrier		
	Peter Krejci				
Administration Type	Voluntary Administration				

3.1 JOINT AND SEVERAL VOLUNTARY ADMINISTRATORS' REMUNERATION FOR THE PERIOD 3 MARCH 2023 TO 6 JUNE 2023

Task Area	General Description	Includes
Assets 100.9 hrs \$ 61,959	Sale of Business as a Going Concern	Reviewed proposal from Purchaser Reviewed books and records to confirm liabilities to assumed under sale of business and assets Reviewed books and records to confirm value of assets to be purchased under sale of business and assets Reviewed Deeds of Novation required to complete sale of business and assets Liaised with solicitors with respect to adjustments to sale of business and assets Drafted and reviewed submissions to Court regarding sale of business and assets
	Assets subject to specific charges	Responded to query from PMSI holder regarding stock
	Debtors	Corresponded with debtors regarding assignment of retentions Reviewed debtors ledger
	Stock	Reviewed stock provisions in sale of business and assets
	Other Assets	Corresponded with financial institution regarding cash at bank
	Leasing	Reviewed property lease and transfer deed

Task Area	General Description	Includes
Creditors 65 hrs \$ 24,715	Creditor Enquiries	Received and followed up creditor enquiries by telephone Reviewed and prepared correspondence to creditors and their representatives by email and post
	Retention of Title/Purchase Money Security Interest Claims	Searched the PPSR Communicated with PMSI holders disclosed on PPSR Search Received initial notification of creditor's intention to claim Reviewed validity of PMSI holder claims
	Secured creditor reporting	Notified Security Interest-holders of appointment Prepared reports to secured creditor Responded to secured creditor's queries
	Creditor reports	Prepared First Report to Creditors and annexures Prepared Second Report to Creditors and annexures
	Dealing with proofs of debt	Receipted and filed Proofs when not related to a dividend Corresponded with SRO and ATO regarding Proofs when not related to a dividend
	Meeting of Creditors	Prepared meeting notices, proxies and advertisements for First Meeting of Creditors Sent Notice of Meeting to all known creditors Prepared meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors and advertisement of meeting for First Meeting of Creditors Presented and drafted minutes of First Meeting of Creditors. Prepared and lodged of minutes of First Meeting of Creditors with ASIC
Employees 3.3 hrs \$1,342	Employees enquiry	Reviewed and prepared correspondence to creditors and their representatives by email and post
	Calculation of entitlements	Calculated employee entitlements Reviewed awards and Enterprise Bargaining Agreement
	Workers compensation claims	Correspondence with insurer regarding initial and ongoing workers compensation insurance requirements

Task Area	General Description	Includes
Trade On 5.2 hrs \$ 2,829	Trade On Management	Undertook review of capacity to trade and ensured appropriate insurance covers were in place Liaised with primary contractors
	Budgeting and financial reporting	Undertook review of weekly payroll expenses and gross wages
Investigation 132.3 hrs \$ 56,068	Conducting investigation	Collected company books and records Reviewed company's books and records Reviewed and prepared narrative of business nature and history Conducted and summarising statutory searches Prepared comparative financial statements Prepared deficiency statement Liaised with directors regarding certain transactions posted in electronic records Undertook review of bank statements and electronic records for voidable transactions that may be recoverable by a liquidator Undertook investigations with respect to insolvent trading Prepared investigation file
	Litigation / Recoveries	Prepared brief to solicitors Liaised with solicitors regarding application to Court relating to sale of business and assets as well as extension of convening period Attended Court hearing regarding application relating to sale and extension of convening period Liaised with solicitors of the directors with respect to a proposal for a Deed of Company Arrangement
Dividend 1.2 hrs \$ 264	Processing proofs of debt	Adjudicated Proofs of Debt for the purpose of credit insurance claims
	Dividend procedures	Prepared correspondence to credit insurers
Administration 19.6 hrs \$ 6,761	Correspondence	Prepared general correspondence to stakeholders
	Document maintenance/file review/checklist	Filed documents Updated checklists
	Insurance	Identified potential issues requiring attention of insurance specialists Corresponded with insurer regarding initial and

Task Area	General Description	Includes
		ongoing insurance requirements
	Bank account administration	Prepared correspondence opening accounts Requested bank statements Prepared bank account reconciliations Correspondence with bank regarding specific transfers
	ASIC Forms	Prepared and lodged ASIC forms including 505, etc Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	
	Finalisation	Internal discussions regarding finalisation
	Planning / Review	Discussions regarding status of administration
Total 327.5 hrs	Total Cost	\$153,938 (plus GST)

4 CALCULATION OF REMUNERATION

The remuneration request is summarised by employee by area of activity on the following page.

Richstone Plumbing Pty Ltd (Administrators Appointed)
For the period from 3 March 2023 to 6 June 2023

			Administration		Assets		Creditors		Dividend		Employees		Investigations		Trade-On		Grand Total	
Name	Position	Charge Out Rate	Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)
David Coyne	Principal	650.00	2.40	1,560.00	74.30	48,295.00	12.60	8,190.00	-	-	0.80	520.00	17.00	11,050.00	2.90	1,885.00	110.00	71,500.00
Peter Krejci	Principal	650.00	0.10	65.00	3.80	2,470.00	0.10	65.00	-	-	-	-	1.10	715.00	-	-	5.10	3,315.00
JK	Principal	650.00	0.40	260.00	0.60	390.00	-	-	-	-	-	-	12.00	7,800.00	-	-	13.00	8,450.00
KL	Senior Manager	530.00	-	-	0.10	53.00	-	-	-	-	-	-	15.00	7,950.00	-	-	15.10	8,003.00
JM	Manager	500.00	3.10	1,550.00	20.40	10,200.00	15.00	7,500.00	-	-	0.60	300.00	13.00	6,500.00	1.10	550.00	53.20	26,600.00
KH	Supervisor	400.00	-	-	-	-	-	-	-	-	-	-	17.10	6,840.00	-	-	17.10	6,840.00
DSC	Senior Accountant	350.00	2.60	910.00	1.30	455.00	5.80	2,030.00	-	-	0.80	280.00	6.30	2,205.00	1.00	350.00	17.80	6,230.00
NF	Senior Accountant	300.00	0.10	30.00	0.10	30.00	-	-	-	-	-	-	22.90	6,870.00	-	-	23.10	6,930.00
BS	Intermediate Accountant	220.00	1.60	352.00	0.10	22.00	31.20	6,864.00	-	-	1.10	242.00	18.90	4,158.00	0.20	44.00	53.10	11,682.00
ST	Intermediate Accountant	220.00	8.70	1,914.00	0.20	44.00	0.30	66.00	1.20	264.00	-	-	9.00	1,980.00	-	-	19.40	4,268.00
SG	Senior Administration	200.00	0.60	120.00	-	-	-	-	-	-	-	-	-	-	-	-	0.60	120.00
Grand Total			19.60	6,761.00	100.90	61,959.00	65.00	24,715.00	1.20	264.00	3.30	1,342.00	132.30	56,068.00	5.20	2,829.00	327.50	153,938.00
Average Hourly Rate				344.95		614.06		380.23		220.00		406.67		423.79		544.04		470.04

Resolution #2

Company	Richstone Plumbing Pty Ltd	Period From	7/6/23	To	Completion
Practitioner	David Coyne Peter Krejci	Firm	BRI Ferrier		
Administration Type	Voluntary Administration				

4.1 JOINT AND SEVERAL VOLUNTARY ADMINISTRATORS' REMUNERATION FOR THE PERIOD 7 JUNE 2023 TO COMPLETION

Task Area	General Description	Includes
Creditors 38.5 hrs \$ 14,700	Creditor Enquiries	Receiving and following up creditor enquiries by telephone Maintaining creditor enquiry register Reviewing and preparing correspondence to creditors and their representatives by email and post
	Creditor reports	Preparing Second Report to Creditors and annexures
	Dealing with proofs of debt	Receipting and filing Proofs when not related to a dividend Corresponding with SRO and ATO regarding Proofs when not related to a dividend
	Meeting of Creditors	Preparing meeting notices, proxies and advertisements of Second Meeting of Creditors Sending Notice of Meeting to all known creditors Preparing meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors and advertisement of Second Meeting of Creditors Presenting and drafting minutes of Second Meeting of Creditors Preparing and lodging of minutes of meetings with ASIC Responding to stakeholder queries and questions immediately following meeting
Investigation	Conducting investigation	Preparing and reviewing investigation file

Task Area	General Description	Includes
31.5 hrs \$ 12,300		Reviewing preliminary findings of voidable transactions that may be available to a Liquidator Lodging investigation with the ASIC Preparing and lodging supplementary report if required
	ASIC reporting	Preparing statutory investigation reports Liaising with ASIC
Administration 9 hrs \$ 3,000	Correspondence	Preparing general correspondence to stakeholders
	Document maintenance/file review/checklist	Filing of documents Updating checklists
	Bank account administration	Preparing bank account reconciliations
	ASIC Forms	Preparing and lodging ASIC forms including 505, etc
	ATO and other statutory reporting	Preparing BASs
	Finalisation	Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration Completing checklists Finalising WIP
	Planning / Review	Discussions regarding status of administration
	Books and records / storage	Dealing with records in storage Sending job files to storage
Total 79 hrs	Total Estimated Cost	\$30,000 (plus GST)

4.2 JOINT AND SEVERAL LIQUIDATORS' REMUNERATION

In circumstances where creditors resolve to place the Company into Liquidation and to appoint David Coyne and Peter Krejci as Joint and Several Liquidators, the Joint and Several Liquidators will seek the approval of creditors to be paid remuneration for services rendered into the Liquidation from the date of the resolution being passed to the completion of the Liquidation. A summary of the expected major tasks and costs relating to the professional services for the period is set out below.

Resolution #4

Company	Richstone Plumbing Pty Ltd	Period From	Commencement	To	Completion
Practitioner	David Coyne Peter Krejci	Firm	BRI Ferrier		
Administration Type	Creditors Voluntary Liquidation				

Task Area	General Description	Includes
Creditors 63.5 hrs \$ 22,800	Creditor Enquiries	Receiving and following up creditor enquiries by telephone Maintaining creditor enquiry register Reviewing and preparing correspondence to creditors and their representatives by email and post
	Creditor reports	Preparing Statutory Report to Creditors and annexures
	Dealing with proofs of debt	Receipting and filing Proofs when not related to a dividend Corresponding with SRO and ATO regarding Proofs when not related to a dividend
	Meeting of Creditors	Preparing and lodging of minutes of second meeting of creditors with ASIC
Employees 43 hrs \$ 15,300	Employees enquiry	Receiving and following up employee enquiries by telephone Reviewing and preparing correspondence to creditors and their representatives by email and post
	Calculation of entitlements	Reconciling superannuation accounts
	Employee dividend	Corresponding with ATO and superannuation funds regarding SGC proof of debt Calculating dividend rate Preparing dividend file Advertising dividend notice Preparing distribution Receipting Proofs Adjudicating Proofs
Investigation 109 hrs \$ 39,100	Conducting investigation	Undertaking further investigations with respect to insolvent trading Undertaking further investigations with respect to voidable transactions Preparing investigation file Lodging investigation with the ASIC Preparing and lodging supplementary report if required
	Litigation / Recoveries	If required: Internal meetings to discuss status of litigation Preparing brief to solicitors Liaising with solicitors regarding recovery actions Attending to negotiations

Task Area	General Description	Includes
		Attending to settlement matters
	ASIC reporting	Preparing statutory investigation reports Liaising with ASIC
Dividend 45 hrs \$ 16,100	Processing proofs of debt	Preparing correspondence to potential creditors inviting lodgement of Proofs Receipt of Proofs Maintaining Proofs of Debt register Adjudicating Proofs of Debt Requesting further information from claimants regarding Proofs Preparing correspondence to claimant advising outcome of adjudication
	Dividend procedures	Preparing correspondence to creditors advising of intention to declare dividend Advertisement of intention to declare dividend Preparing dividend calculation Preparing correspondence to creditors announcing declaration of dividend Advertising announcement of dividend Preparing distribution Preparing dividend file Preparing payment vouchers to pay dividend Preparing correspondence to creditors enclosing payment of dividend
Administration 17 hrs \$ 6,700	Correspondence	Preparing general correspondence to stakeholders
	Document maintenance/file review/checklist	Filing of documents Undertaking file reviews Updating checklists
	Bank account administration	Preparing bank account reconciliations
	ASIC Forms	Preparing and lodging ASIC forms including 505, etc
	ATO and other statutory reporting	Notifying ATO of appointment Preparing BASs
	Finalisation	Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration Completing checklists Finalising WIP
	Planning / Review	Discussing status of administration
	Books and records / storage	Dealing with records in storage Sending job files to storage
	Total 277.5 hrs	Total Estimated Cost \$100,000 (plus GST)

5 STATEMENT OF REMUNERATION CLAIM

We are seeking approval for the following resolutions from creditors:

Administrators' Remuneration Resolution #1

"That the remuneration of the Joint and Several Voluntary Administrators from 3 March 2023 to 6 June 2023 is determined at a sum equal to the cost of time spent by the Joint and Several Voluntary Administrators and their partners and staff, calculated at the hourly rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be fixed at the amount of \$153,938, exclusive of GST, and that the Joint and Several Voluntary Administrators may draw the remuneration on a monthly basis or as required. Any amount in excess of this maximum would require the Joint and Several Administrators to call a further meeting of creditors/Committee of Inspection to seek approval of same or approach the Court for approval."

Administrators' Remuneration Resolution #2

"That the remuneration of the Joint and Several Voluntary Administrators from 7 June 2023 to completion of the Voluntary Administration is determined at a sum equal to the cost of time spent by the Joint and Several Voluntary Administrators and their partners and staff, calculated at the hourly rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$30,000, exclusive of GST, and that the Joint and Several Voluntary Administrators may draw the remuneration on a monthly basis or as required. Any amount in excess of this maximum would require the Joint and Several Voluntary Administrators to call a further meeting of creditors/Committee of Inspection to seek approval of same or approach the Court for approval."

Liquidators' Remuneration Resolution #4 (if applicable)

"That the remuneration of the Joint and Several Liquidators from commencement to completion of the Liquidation is determined at a sum equal to the cost of time spent by the Joint and Several Liquidators and their partners and staff, calculated at the hourly rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$100,000, exclusive of GST, and that the Joint and Several Liquidators may draw the remuneration on a monthly basis or as required. Any amount in excess of this maximum would require the Joint and Several Liquidators to call a further meeting of creditors/Committee of Inspection to seek approval of same or approach the Court for approval."

The total amount of remuneration sought with respect to this request is \$283,938.

If our time costs are less than the amount approved by creditors then we will only draw the lesser amount.

We also note that we will only be able to draw our remuneration if there are sufficient funds available in the external administration.

6 DISBURSEMENTS

Disbursements are divided into three types:

- Externally provided professional services - these are recovered at cost. An example of an externally provided service disbursement is legal fees.

- Externally provided non-professional costs such as travel, accommodation and search fees. These are recovered at cost.
- Internal disbursements such as photocopying, printing and postage. These disbursements, if charged to the Administration, would generally charged at cost; though some expenses such as telephone calls, photocopying and printing may be charged at a rate which recoups both variable and fixed costs. The recovery of these costs must be on a reasonable commercial basis. We also intend to charge the ASIC Industry Funding levy, detailed below, as an internal disbursement.

The ASIC Industry Funding Model levy commenced on 1 July 2017. The levy is calculated per metric events including certain lodgements with ASIC and certain advertisements on the ASIC Public Notice Website (“PNW”). These include the following:

- Notice of meetings advertised on the PNW;
- Notice of intention to declare dividend on the PNW; and
- Notice of the outcome of a proposal to pass resolution without meeting lodged with ASIC.

In this Voluntary Administration, we consider that we will incur the ASIC levy for the following metric events:

- New appointment for financial year ending 30 June 2023;
- Ongoing appointment for financial year ending 30 June 2024;
- Notice calling for formal proof of debt or claim; and
- Notice of intention to declare dividend on the PNW.

We will not be provided with an invoice for the exact amount of the fee for the year to 30 June 2023 until 2024.

Our current best estimate based on indications from ASIC is the fee will be calculated on a basis of \$125 per event and we are seeking creditor approval to recover these costs as internal disbursements with a potential profit element in accordance with the recommendations from our professional body, the Australia Restructuring Insolvency and Turnaround Association.

We have undertaken a proper assessment of disbursements claimed for the Voluntary Administration of Richstone Plumbing Pty Ltd, in accordance with the law and applicable professional standards. We are satisfied that the disbursements claimed are necessary and proper.

We are not obliged to seek creditor approval for disbursements, 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 Report.

In respect of internal disbursements, to the extent that these may be recovered at more than their cost, they may be considered as deriving a profit or advantage and must therefore be approved by creditors, a committee of inspection (if one is appointed), or by the Court prior to them being drawn.

Future disbursements with a potential profit element derived by our firm will be charged to the administration on the following basis, subject to creditors' approval:

Disbursements with a profit element	Rate (excl GST) (\$)
ASIC Industry Funding Levy	\$125 per event
Printing and Photocopying	\$0.25 per page

We are seeking the following resolution with respect to these disbursements:

Resolution #3 Administrators' Disbursements

"That the disbursements potentially deriving a profit element for the Joint and Several Voluntary Administrators from the commencement to completion of the Voluntary Administration are to be calculated at the rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$500, exclusive of GST, and that the Joint and Several Voluntary Administrators may draw disbursements on a monthly basis or as required."

Resolution #5 Liquidators' Disbursements

"That the disbursements potentially deriving a profit element for the Joint and Several Liquidators from the commencement to completion of the Liquidation are to be calculated at the rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$500, exclusive of GST, and that the Joint and Several Liquidators may draw disbursements on a monthly basis or as required."

If our internal disbursements are less than the amount approved by creditors then we will only draw the lesser amount.

We note that the drawing of disbursements will result in a reduction of funds available in the external administration.

7 LIKELY IMPACT ON DIVIDENDS

The Corporations Act 2001 sets the order for payment of claims against the company and it provides for remuneration of the external administrator to be paid in priority to other claims. This ensures that when there are sufficient funds, the external administrator receives payment for the work done to recover assets, investigate the company's affairs, report to creditors and ASIC and distribute any available funds.

Based on:

- realisations to date,
- estimated future realisations,
- our estimated remuneration to complete the Voluntary Administration;
- our estimated remuneration to complete the Liquidation; and
- the estimated total of creditor claims based on the company's records and claims lodged now,

We estimate that a dividend of 29 to 100 cents in the dollar will be paid to priority creditors and a dividend return rate of 0 to 15 cents in the dollar is estimated to be paid to unsecured creditors. However, this is subject to a range of variables, particularly the future realisations and creditor claims.

Please refer to our Report to Creditors dated 14 June 2023 for further details with respect to the estimated return to creditors.

8 SUMMARY OF RECEIPTS AND PAYMENTS

A summary of our receipts and payments have been provided in my Report to Creditors dated 14 June 2023.

9 QUERIES

The above information is provided to assist creditors in considering the appropriateness of the remuneration claims that are being made.

Creditors should contact Mr Joshua May of the Joint and Several Voluntary Administrators' office on 03 9622 1800 or by email at jmay@brifvic.com.au to seek further information concerning the remuneration claims if they need so.

10 INFORMATION SHEET

The ARITA has produced a document entitled "Creditor Information Sheet: Approving remuneration in external administrations" that can be downloaded from the ARITA website www.arita.com.au or alternatively a copy can be obtained from this office.

11 ADVICE TO CREDITORS

11.1 REMUNERATION METHODS

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

Time based / hourly rates

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

Fixed Fee

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

Percentage

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

▲ Contingency

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

11.2 METHOD CHOSEN

BRI Ferrier normally charges to use a Time Cost basis, because:

- ▲ It is often difficult to estimate accurately the likely cost of undertaking an appointment, as appointments differ in unforeseeable ways as to their factual or legal complexity;
- ▲ The Time Cost method reflects the opportunity cost to BRI Ferrier of the use of staff on a particular engagement
- ▲ The Time Cost method reflects the extent of work undertaken, reflecting in turn the nature of the appointment
- ▲ The Time Cost method can be applied equally to all aspects of an appointment, while percentage or contingent remuneration normally only reflect parts of an appointment, such as the recovery of assets. Our duties include activities, such as reporting to creditors and ASIC, that do not directly yield asset recovery, while contributing to the overall return to creditors.

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

- ▲ We will only be paid for work done, subject to sufficient realisations of the Company assets or, if there are insufficient assets realised, to the indemnity provided to us (if any).
- ▲ It ensures creditors are only charged for work that is performed. Our time is 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.

We are unable to estimate with certainty the total amount of fees necessary to complete all tasks required in this administration. BRI Ferrier reviews its hourly rates every twelve months. The hourly rates quoted above remain current until 30 June 2023. At this time BRI Ferrier may increase the hourly rates charged for work performed past that date.

11.3 EXPLANATION OF HOURLY RATES

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

HOURLY RATES		
Title	Description	Rate (excl GST)
Principal / Appointee	A Registered Liquidator. A senior accountant with over 10 years' experience. Leads the team carrying out and controls all aspects of an appointment.	\$650
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.	\$570
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.	\$530
Manager	An accountant with at least 6 years' experience. Typically qualified with well-developed technical and commercial skills, and studying or has completed specialised study in Insolvency and Reconstruction. Controls and plans all aspects of medium to larger appointments, reporting to the Team Leader.	\$500
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.	\$400
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.	\$350
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.	\$300
Intermediate 1	An accountant with less than 2 years' experience. Typically a graduate and commencing study for qualifications. Able to complete multiple tasks on smaller to medium appointments under supervision.	\$250
Intermediate 2	An accountant with less than 1 years' experience. A trainee undertaking degree with an accountancy major. Assists in the appointment under supervision.	\$220
Senior Administration	Appropriately skilled and undertakes support activities including but not limited to treasury, word processing and other administrative, clerical and secretarial tasks.	\$200
Junior Administration	Appropriately skilled and undertakes support activities including but not limited to treasury, word processing and other administrative, clerical and secretarial tasks.	\$150

11.3.1 Notes

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

Annexure "E"

Remuneration Request Approval Report

Richstone Plumbing VIC Pty Ltd in its own right and ATF Richstone Equipment Hire Trust

(Administrators appointed)

ACN 644 094 897

ABN 94 967 157 619

14 June 2023

David Coyne and Peter Krejci
Joint and Several Voluntary Administrators

BRI Ferrier Victoria Pty Ltd ABN 18 638 454 029
Level 10, 45 William Street, Melbourne VIC 3000
PO Box 521, Collins Street West VIC 8007
Phone (03) 9622 1800

Email: info@brifvic.com.au

Website: www.briferrier.com.au



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1 DECLARATION

We, David Coyne and Peter Krejci, of BRI Ferrier have undertaken a proper assessment of this remuneration claim for our appointment as Joint and Several Voluntary Administrators of Richstone Plumbing VIC Pty Ltd in its own right and ATF Richstone Equipment Hire Trust in accordance with the law and applicable professional standards. We are satisfied that the remuneration claimed is in respect of necessary work, properly performed, in the conduct of the Voluntary Administration.

We have reviewed the work in progress report for the Voluntary Administration to ensure that remuneration and disbursements claimed are necessary and proper.

2 EXECUTIVE SUMMARY

To date, no remuneration has been approved or paid in this administration. We are asking creditors to approve the following remuneration and disbursements:

	Remuneration	Disbursements
Voluntary Administration	\$36,641	\$500
If Company is placed into Liquidation	\$25,000	\$500

This remuneration report details approval sought for the following fees:

Period	Amount (\$, ex GST)
Past remuneration and disbursements approved:	
Total past remuneration and disbursements approved and drawn	Nil

Current Remuneration Approval Sought	Rates to Apply	To Be Drawn	Amount (\$, ex GST)
Voluntary Administration			
Resolution #1: 3 March 2023 to 6 June 2023	As provided in Remuneration Request Approval Report dated 14 June 2023	On a monthly basis or as required.	\$26,641.00
Resolution #2: 7 June 2023 to Completion of Voluntary	As provided in Remuneration Request Approval	On a monthly basis or as required.	\$10,000.00

Administration	Report dated 14 June 2023		
Resolution #3: Disbursements for the period commencement to completion	As provided in Remuneration Request Approval Report dated 14 June 2023	On a monthly basis or as required.	\$500.00
Voluntary Administration Total			\$37,141.00
Creditors Voluntary Liquidation			
Resolution #4:	As provided in Remuneration Request Approval Report dated 14 June 2023	On a monthly basis or as required.	\$25,000.00
Commencement to Completion of the Liquidation			
Resolution #5: Disbursements for the period commencement to completion	As provided in Remuneration Request Approval Report dated 14 June 2023	On a monthly basis or as required.	\$500.00
Liquidation Total			\$25,500.00

We estimate that the total cost of this Voluntary Administration will be \$37,141. This is consistent with the estimate of costs provided in the Initial Advice to Creditors dated 7 March 2023 , which estimated a cost to complete the Voluntary Administration of \$30,000 to \$50,000.

We expect that this will be our final remuneration approval request for this Voluntary Administration

Should creditors resolve to place Richstone Plumbing VIC Pty Ltd into Liquidation, we estimate that the total cost of the Liquidation will be \$25,500. However, there may be further remuneration approval requests depending on the recovery of potential claims as set out in our Second Report to Creditors dated 14 June 2023.

3 DESCRIPTION OF WORK COMPLETED / TO BE COMPLETED

Resolution #1

Company	Richstone Plumbing VIC Pty Ltd in its own right and ATF Richstone Equipment Hire Trust	Period From	3/3/23	To	6/6/23
Practitioner	David Coyne Peter Krejci	Firm	BRI Ferrier		
Administration Type	Voluntary Administration				

3.1 JOINT AND SEVERAL VOLUNTARY ADMINISTRATORS' REMUNERATION FOR THE PERIOD 3 MARCH 2023 TO 6 JUNE 2023

Task Area	General Description	Includes
Assets 2.7 hrs \$ 1,470	Sale of Business as a Going Concern	Reviewed proposal from Purchaser Reviewed books and records to confirm liabilities to assumed under sale of business and assets Reviewed books and records to confirm value of assets to be purchased under sale of business and assets Drafted and reviewed submissions to Court regarding sale of business and assets
	Assets subject to specific charges	Responded to lessors regarding sale of business and assets
Creditors 20.9 hrs \$ 6,216	Creditor Enquiries	Maintained creditor enquiry register
	Retention of Title/Purchase Money Security Interest Claims	Searched the PPSR Communicated with PMSI-holders disclosed on PPSR Search Received initial notification of creditor's intention to claim Reviewed validity of PMSI claims
	Secured creditor reporting	Notified Security Interest-holders of appointment Prepared reports to secured creditor Responded to secured creditor's queries
	Creditor reports	Prepared First Report to Creditors and annexures Prepared Second Report to Creditors and annexures
	Dealing with proofs of debt	Searched the PPSR Communicated with PMSI-holders disclosed on

Task Area	General Description	Includes
		PPSR Search Received initial notification of creditor's intention to claim Reviewed validity of PMSI claims
	Meeting of Creditors	Prepared meeting notices, proxies and advertisements for First Meeting of Creditors Sent Notice of Meeting to all known creditors Prepared meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors and advertisement of meeting for First Meeting of Creditors Presented and drafted minutes of First Meeting of Creditors. Prepared and lodged of minutes of First Meeting of Creditors with ASIC
Employees 0.2 hrs \$ 100	Workers compensation claims	Corresponded with solicitors regarding workers compensation claim
Trade On 0.4 hrs \$ 200	Trade On Management	Undertook review of weekly payroll expenses and gross wages
Investigation 40.5 hrs \$ 16,195	Conducting investigation	Collected company books and records Reviewed company's books and records Reviewed and prepared narrative of business nature and history Conducted and summarising statutory searches Prepared comparative financial statements Prepared deficiency statement Liaised with directors regarding certain transactions posted in electronic records Undertook review of bank statements and electronic records for voidable transactions that may be recoverable by a liquidator Undertook investigations with respect to insolvent trading Prepared investigation file

Task Area	General Description	Includes
Administration 7 hrs \$ 2,460	Correspondence	Prepared general correspondence to stakeholders
	Document maintenance/file review/checklist	Filed documents Updated checklists
	Insurance	Identified potential issues requiring attention of insurance specialists Corresponded with insurer regarding initial and ongoing insurance requirements
	Bank account administration	Prepared correspondence opening accounts Prepared bank account reconciliations
	ASIC Forms	Prepared and lodged ASIC forms including 505, etc
	ATO and other statutory reporting	Notified ATO of appointment Prepared BASs
Total 71.7 hrs	Total Cost	\$26,641 (plus GST)

4 CALCULATION OF REMUNERATION

The remuneration request is summarised by employee by area of activity on the following page.

Richstone Plumbing VIC Pty Ltd in its own right and ATF Richstone Equipment Hire Trust (Administrators Appointed)

For the period from 3 March 2023 to 6 June 2023

			Administration		Assets		Creditors		Employees		Investigations		Trade-On		Grand Total	
Name	Position	Charge Out Rate	Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)
David Coyne	Principal	650.00	1.20	780.00	0.50	325.00	0.40	260.00	-	-	2.20	1,430.00	-	-	4.30	2,795.00
Peter Krejci	Principal	650.00	-	-	0.30	195.00	-	-	-	-	0.90	585.00	-	-	1.20	780.00
JK	Principal	650.00	-	-	-	-	-	-	-	-	1.90	1,235.00	-	-	1.90	1,235.00
KL	Senior Manager	530.00	-	-	-	-	-	-	-	-	7.70	4,081.00	-	-	7.70	4,081.00
JM	Manager	500.00	1.10	550.00	1.90	950.00	4.70	2,350.00	0.20	100.00	3.20	1,600.00	0.40	200.00	11.50	5,750.00
KH	Supervisor	400.00	-	-	-	-	-	-	-	-	5.30	2,120.00	-	-	5.30	2,120.00
DSC	Senior Accountant	350.00	0.80	280.00	-	-	1.00	350.00	-	-	0.20	70.00	-	-	2.00	700.00
NF	Senior Accountant	300.00	-	-	-	-	-	-	-	-	10.90	3,270.00	-	-	10.90	3,270.00
BS	Intermediate Accountant	220.00	1.50	330.00	-	-	14.50	3,190.00	-	-	8.00	1,760.00	-	-	24.00	5,280.00
ST	Intermediate Accountant	220.00	2.00	440.00	-	-	0.30	66.00	-	-	0.20	44.00	-	-	2.50	550.00
SG	Senior Administration	200.00	0.40	80.00	-	-	-	-	-	-	-	-	-	-	0.40	80.00
Grand Total			7.00	2,460.00	2.70	1,470.00	20.90	6,216.00	0.20	100.00	40.50	16,195.00	0.40	200.00	71.70	26,641.00
Average Hourly Rate				351.43		544.44		297.42		500.00		399.88		500.00		371.56

Resolution #2

Company	Richstone Plumbing VIC Pty Ltd in its own right and ATF Richstone Equipment Hire Trust	Period From	7/6/23	To	Completion
Practitioner	David Coyne Peter Krejci	Firm	BRI Ferrier		
Administration Type	Voluntary Administration				

4.1 JOINT AND SEVERAL VOLUNTARY ADMINISTRATORS' REMUNERATION FOR THE PERIOD 7 JUNE 2023 TO COMPLETION

Task Area	General Description	Includes
Creditors 13.5 hrs \$ 4,700	Creditor Enquiries	Receiving and following up creditor enquiries by telephone Maintaining creditor enquiry register Reviewing and preparing correspondence to creditors and their representatives by email and post
	Creditor reports	Preparing Second Report to Creditors and annexures
	Dealing with proofs of debt	Receipting and filing Proofs when not related to a dividend Corresponding with SRO and ATO regarding Proofs when not related to a dividend
	Meeting of Creditors	Preparing meeting notices, proxies and advertisements for Second Meeting of Creditors Sending Notice of Meeting to all known creditors Preparing meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting for Second Meeting of Creditors Presenting and drafting minutes of meeting for Second Meeting of Creditors Preparing and lodging of minutes of meetings with ASIC Responding to stakeholder queries and questions immediately following meeting

Task Area	General Description	Includes
Investigation 9 hrs \$ 3,300	Conducting investigation	Preparing and reviewing investigation file Reviewing preliminary findings of voidable transactions that may be available to a Liquidator Lodging investigation with the ASIC Preparing and lodging supplementary report if required
	ASIC reporting	Preparing statutory investigation reports Liaising with ASIC
Administration 6 hrs \$ 2,000	Correspondence	Preparing general correspondence to stakeholders
	Document maintenance/file review/checklist	Filing of documents Updating checklists
	Bank account administration	Preparing bank account reconciliations Corresponding with bank regarding specific transfers
	ASIC Forms	Preparing and lodging ASIC forms including 505, etc
	ATO and other statutory reporting	Preparing BASs
	Finalisation	Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration Completing checklists Finalising WIP
	Planning / Review	Discussions regarding status of administration
Total 28.5 hrs	Total Estimated Cost	\$10,000 (plus GST)

Resolution #4

Company	Richstone Plumbing VIC Pty Ltd in its own right and ATF Richstone Equipment Hire Trust	Period From	Commencement	To	Completion
Practitioner	David Coyne Peter Krejci	Firm	BRI Ferrier		
Administration Type	Creditors Voluntary Liquidation				

4.2 JOINT AND SEVERAL LIQUIDATORS' REMUNERATION

In circumstances where creditors resolve to place the Company into Liquidation and to appoint David Coyne and Peter Krejci as Joint and Several Liquidators, the Joint and Several Liquidators will seek the approval of creditors to be paid remuneration for services rendered into the Liquidation from the date of the resolution being passed to the completion of the Liquidation. A summary of the expected major tasks and costs relating to the professional services for the period is set out below.

Task Area	General Description	Includes
Creditors 23 hrs \$ 8,100	Creditor Enquiries	Receiving and following up creditor enquiries by telephone Maintaining creditor enquiry register Reviewing and preparing correspondence to creditors and their representatives by email and post
	Creditor reports	Preparing Statutory Report to Creditors and annexures
	Dealing with proofs of debt	Receipting and filing Proofs when not related to a dividend Corresponding with SRO and ATO regarding Proofs when not related to a dividend
Investigation 36.5 hrs \$ 12,000	Conducting investigation	Reviewing specific transactions and liaising with directors regarding certain transactions Undertaking further investigations with respect to potential Liquidator recoveries Preparing investigation file pursuant to Section 533 of the Corporations Act 2001 Lodging investigation with the ASIC Preparing and lodging supplementary report if required
	Litigation / Recoveries	If required: Internal meetings to discuss status of litigation Preparing brief to solicitors Liaising with solicitors regarding recovery actions Attending to negotiations Attending to settlement matters
	ASIC reporting	Preparing statutory investigation reports Liaising with ASIC
Administration 13.5 hrs \$ 4,900	Correspondence	Preparing general correspondence to stakeholders
	Document maintenance/file review/checklist	Filing of documents Undertaking file reviews Updating checklists
	Bank account administration	Preparing bank account reconciliations Corresponding with bank regarding specific transfers

Task Area	General Description	Includes
	ASIC Forms	Preparing and lodging ASIC forms including 505, etc
	ATO and other statutory reporting	Notifying ATO of appointment Preparing BASs
	Finalisation	Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration Completing checklists Finalising WIP
	Planning / Review	Discussions regarding status of administration
	Books and records / storage	Dealing with records in storage Sending job files to storage
Total 73 hrs	Total Estimated Cost	\$25,000 (plus GST)

5 STATEMENT OF REMUNERATION CLAIM

We are seeking approval for the following resolutions from creditors:

Administrators' Remuneration Resolution #1

"That the remuneration of the Joint and Several Voluntary Administrators from 3 March 2023 to 6 June 2023 is determined at a sum equal to the cost of time spent by the Joint and Several Voluntary Administrators and their partners and staff, calculated at the hourly rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be fixed at the amount of \$26,641, exclusive of GST, and that the Joint and Several Voluntary Administrators may draw the remuneration on a monthly basis or as required. Any amount in excess of this maximum would require the Joint and Several Administrators to call a further meeting of creditors/Committee of Inspection to seek approval of same or approach the Court for approval."

Administrators' Remuneration Resolution #2

"That the remuneration of the Joint and Several Voluntary Administrators from 7 June 2023 to completion of the Voluntary Administration is determined at a sum equal to the cost of time spent by the Joint and Several Voluntary Administrators and their partners and staff, calculated at the hourly rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$10,000, exclusive of GST, and that the Joint and Several Voluntary Administrators may draw the remuneration on a monthly basis or as required. Any amount in excess of this maximum would require the Joint and Several Voluntary Administrators to call a further meeting of creditors/Committee of Inspection to seek approval of same or approach the Court for approval."

Liquidators' Remuneration Resolution #4 (if applicable)

"That the remuneration of the Joint and Several Liquidators from commencement to completion of the Liquidation is determined at a sum equal to the cost of time spent by the Joint and Several Liquidators and their partners and staff, calculated at the hourly rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$25,000, exclusive of GST, and that the Joint and Several Liquidators may draw the remuneration on a monthly basis or as required. Any amount in excess of this maximum would require the Joint and Several Liquidators to call a further meeting of creditors/Committee of Inspection to seek approval of same or approach the Court for approval."

The total amount of remuneration sought with respect to this request is \$61,641.

If our time costs are less than the amount approved by creditors then we will only draw the lesser amount.

We also note that we will only be able to draw our remuneration if there are sufficient funds available in the external administration.

6 DISBURSEMENTS

Disbursements are divided into three types:

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

The ASIC Industry Funding Model levy commenced on 1 July 2017. The levy is calculated per metric events including certain lodgements with ASIC and certain advertisements on the ASIC Public Notice Website ("PNW"). These include the following:

- Notice of meetings advertised on the PNW;
- Notice of intention to declare dividend on the PNW; and
- Notice of the outcome of a proposal to pass resolution without meeting lodged with ASIC.

In this Voluntary Administration, we consider that we will incur the ASIC levy for the following metric events:

- New appointment for financial year ending 30 June 2023;

- Ongoing appointment for financial year ending 30 June 2024;
- Notice calling for formal proof of debt or claim; and
- Notice of intention to declare dividend on the PNW.

We will not be provided with an invoice for the exact amount of the fee for the year to 30 June 2023 until 2024.

Our current best estimate based on indications from ASIC is the fee will be calculated on a basis of \$125 per event and we are seeking creditor approval to recover these costs as internal disbursements with a potential profit element in accordance with the recommendations from our professional body, the Australia Restructuring Insolvency and Turnaround Association.

We have undertaken a proper assessment of disbursements claimed for the Voluntary Administration of Richstone Plumbing VIC Pty Ltd in its own right and ATF Richstone Equipment Hire Trust, in accordance with the law and applicable professional standards. We are satisfied that the disbursements claimed are necessary and proper.

We are not obliged to seek creditor approval for disbursements, 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 Report.

In respect of internal disbursements, to the extent that these may be recovered at more than their cost, they may be considered as deriving a profit or advantage and must therefore be approved by creditors, a committee of inspection (if one is appointed), or by the Court prior to them being drawn.

Future disbursements with a potential profit element derived by our firm will be charged to the administration on the following basis, subject to creditors' approval:

Disbursements with a profit element	Rate (excl GST) (\$)
ASIC Industry Funding Levy	\$125 per event
Printing and Photocopying	\$0.25 per page

We are seeking the following resolution with respect to these disbursements:

Resolution #3 Administrators' Disbursements

"That the disbursements potentially deriving a profit element for the Joint and Several Voluntary Administrators from the commencement to completion of the Voluntary Administration are to be calculated at the rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$500, exclusive of GST, and that the Joint and Several Voluntary Administrators may draw disbursements on a monthly basis or as required."

Resolution #5 Liquidators' Disbursements

"That the disbursements potentially deriving a profit element for the Joint and Several Liquidators from the commencement to completion of the Liquidation are to be calculated at the rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$500, exclusive of GST, and that the Joint and Several Liquidators may draw disbursements on a monthly basis or as required."

If our internal disbursements are less than the amount approved by creditors then we will only draw the lesser amount.

We note that the drawing of disbursements will result in a reduction of funds available in the Liquidation.

7 LIKELY IMPACT ON DIVIDENDS

The Corporations Act 2001 sets the order for payment of claims against the company and it provides for remuneration of the external administrator to be paid in priority to other claims. This ensures that when there are sufficient funds, the external administrator receives payment for the work done to recover assets, investigate the company's affairs, report to creditors and ASIC and distribute any available funds.

Based on:

- realisations to date,
- estimated future realisations,
- our estimated remuneration to complete the Voluntary Administration;
- our estimated remuneration to complete the Liquidation; and
- the estimated total of creditor claims based on the company's records and claims lodged now,

A dividend to any class of creditors is not expected.

Please refer to our Report to Creditors dated 14 June 2023 for further details with respect to the estimated return to creditors.

8 SUMMARY OF RECEIPTS AND PAYMENTS

A summary of our receipts and payments have been provided in my Report to Creditors dated 14 June 2023.

9 QUERIES

The above information is provided to assist creditors in considering the appropriateness of the remuneration claims that are being made.

Creditors should contact Mr Joshua May of the Joint and Several Voluntary Administrators' office on 03 9622 1800 or by email at jmay@brifvic.com.au to seek further information concerning the remuneration claims if they need so.

10 INFORMATION SHEET

The ARITA has produced a document entitled "Creditor Information Sheet: Approving remuneration in external administrations" that can be downloaded from the ARITA website www.arita.com.au or alternatively a copy can be obtained from this office.

11 ADVICE TO CREDITORS

11.1 REMUNERATION METHODS

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

- Time based / hourly rates

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

- Fixed Fee

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

- Percentage

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

- Contingency

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

11.2 METHOD CHOSEN

BRI Ferrier normally charges to use a Time Cost basis, because:

- It is often difficult to estimate accurately the likely cost of undertaking an appointment, as appointments differ in unforeseeable ways as to their factual or legal complexity;
- The Time Cost method reflects the opportunity cost to BRI Ferrier of the use of staff on a particular engagement
- The Time Cost method reflects the extent of work undertaken, reflecting in turn the nature of the appointment

- ▲ The Time Cost method can be applied equally to all aspects of an appointment, while percentage or contingent remuneration normally only reflect parts of an appointment, such as the recovery of assets. Our duties include activities, such as reporting to creditors and ASIC, that do not directly yield asset recovery, while contributing to the overall return to creditors.

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

- ▲ We will only be paid for work done, subject to sufficient realisations of the Company assets or, if there are insufficient assets realised, to the indemnity provided to us (if any).
- ▲ It ensures creditors are only charged for work that is performed. Our time is 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.

We are unable to estimate with certainty the total amount of fees necessary to complete all tasks required in this administration. BRI Ferrier reviews its hourly rates every twelve months. The hourly rates quoted above remain current until 30 June 2023. At this time BRI Ferrier may increase the hourly rates charged for work performed past that date.

11.3 EXPLANATION OF HOURLY RATES

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

HOURLY RATES		
Title	Description	Rate (excl GST)
Principal / Appointee	A Registered Liquidator. A senior accountant with over 10 years' experience. Leads the team carrying out and controls all aspects of an appointment.	\$650
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.	\$570
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.	\$530
Manager	An accountant with at least 6 years' experience. Typically qualified with well-developed technical and commercial skills, and studying or has completed specialised study in Insolvency and Reconstruction. Controls and plans all aspects of medium to larger appointments, reporting to the Team Leader.	\$500

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.	\$400
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.	\$350
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.	\$300
Intermediate 1	An accountant with less than 2 years' experience. Typically a graduate and commencing study for qualifications. Able to complete multiple tasks on smaller to medium appointments under supervision.	\$250
Intermediate 2	An accountant with less than 1 years' experience. A trainee undertaking degree with an accountancy major. Assists in the appointment under supervision.	\$220
Senior Administration	Appropriately skilled and undertakes support activities including but not limited to treasury, word processing and other administrative, clerical and secretarial tasks.	\$200
Junior Administration	Appropriately skilled and undertakes support activities including but not limited to treasury, word processing and other administrative, clerical and secretarial tasks.	\$150

11.3.1 Notes

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

Annexure "E"

Remuneration Request Approval Report

Richstone VIC Pty Ltd

(Administrators appointed)

ACN 634 950 628

14 June 2023

David Coyne and Peter Krejci
Joint and Several Voluntary Administrators

BRI Ferrier Victoria Pty Ltd ABN 18 638 454 029
Level 10, 45 William Street, Melbourne VIC 3000
PO Box 521, Collins Street West VIC 8007

Phone (03) 9622 1800

Email: info@brifvic.com.au

Website: www.briferrier.com.au



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1 DECLARATION

We, David Coyne and Peter Krejci, of BRI Ferrier have undertaken a proper assessment of this remuneration claim for our appointment as Joint and Several Voluntary Administrators of Richstone VIC Pty Ltd in accordance with the law and applicable professional standards. We are satisfied that the remuneration claimed is in respect of necessary work, properly performed, in the conduct of the Voluntary Administration.

We have reviewed the work in progress report for the Voluntary Administration to ensure that remuneration and disbursements claimed are necessary and proper.

2 EXECUTIVE SUMMARY

To date, no remuneration has been approved or paid in this administration. We are asking creditors to approve the following remuneration and disbursements:

	Remuneration	Disbursements
Voluntary Administration	\$16,741	\$500
If Company is placed into Liquidation	\$18,100	\$500

This remuneration report details approval sought for the following fees:

Period	Amount (\$, ex GST)
Past remuneration and disbursements approved:	
<i>Total past remuneration and disbursements approved and drawn</i>	Nil

Current Remuneration Approval Sought	Rates to Apply	To Be Drawn	Amount (\$, ex GST)
Voluntary Administration			
Resolution #1: 3 March 2023 to 6 June 2023	As provided in Remuneration Request Approval Report dated 14 June 2023	On a monthly basis or as required.	\$6,741.00
Resolution #2: 7 June 2023 to Completion of Voluntary	As provided in Remuneration Request Approval Report dated 14	On a monthly basis or as required.	\$10,000.00

Administration	June 2023		
Resolution #3: Disbursements for the period commencement to completion	As provided in Remuneration Request Approval Report dated 14 June 2023	On a monthly basis or as required.	\$500.00
Voluntary Administration Total			\$17,241.00
Creditors Voluntary Liquidation			
Resolution #4: Commencement to Completion of the Liquidation	As provided in Remuneration Request Approval Report dated 14 June 2023	On a monthly basis or as required.	\$18,100.00
Resolution #5: Disbursements for the period commencement to completion	As provided in Remuneration Request Approval Report dated 14 June 2023	On a monthly basis or as required.	\$500.00
Liquidation Total			\$18,600.00

We estimate that the total cost of this Voluntary Administration will be \$37,241. This is consistent with the estimate of costs provided in the Initial Advice to Creditors dated 7 March 2023, which estimated a cost to complete the Voluntary Administration of \$30,000 to \$50,000.

We expect that this will be our final remuneration approval request for this Voluntary Administration

Should creditors resolve to place Richstone VIC Pty Ltd into Liquidation, we estimate that the total cost of the Liquidation will be \$18,600. However, there may be further remuneration approval requests depending on the recovery of potential claims as set out in our Second Report to Creditors dated 14 June 2023.

3 DESCRIPTION OF WORK COMPLETED / TO BE COMPLETED

Resolution #1

Company	Richstone VIC Pty Ltd	Period From	3/3/23	To	6/6/23
Practitioner	David Coyne	Firm	BRI Ferrier		
	Peter Krejci				
Administration Type	Voluntary Administration				

3.1 JOINT AND SEVERAL VOLUNTARY ADMINISTRATORS' REMUNERATION FOR THE PERIOD 3 MARCH 2023 TO 6 JUNE 2023

Task Area	General Description	Includes
Assets 0.1 hrs \$ 65	Sale of Business as a Going Concern	Undertook internal discussions to confirm entities subject to sale of business and assets Drafted and reviewed submissions to Court regarding sale of business and assets
Creditors 11.2 hrs \$ 3,098	Creditor reports	Prepared First Report to Creditors and annexures Prepared Second Report to Creditors and annexures
	Meeting of Creditors	Prepared meeting notices, proxies and advertisements for First Meeting of Creditors Sent Notice of Meeting to all known creditors Prepared meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors and advertisement of meeting for First Meeting of Creditors Presented and drafted minutes of First Meeting of Creditors. Prepared and lodged of minutes of First Meeting of Creditors with ASIC
Investigation 4.5 hrs \$ 1,662	Conducting investigation	Reviewed and prepared narrative of business nature and history Conducted and summarising statutory searches Prepared deficiency statement with respect to ROCAP Prepared investigation file
Administration 5.6 hrs \$ 1,916	Correspondence	Prepared general correspondence to stakeholders
	Document maintenance/file review/checklist	Filed documents Updated checklists
	Insurance	Corresponded with insurer regarding initial and ongoing insurance requirements

Task Area	General Description	Includes
Total 21.4 hrs	Bank account administration	Prepared correspondence opening accounts Prepared bank account reconciliations
	ASIC Forms	Prepared and lodged ASIC forms including 505, etc
	ATO and other statutory reporting	Notified ATO of appointment
	Total Cost	\$6,741 (plus GST)

4 CALCULATION OF REMUNERATION

The remuneration request is summarised by employee by area of activity on the following page.

Richstone VIC Pty Ltd (Administrators Appointed)
For the period from 3 March 2023 to 6 June 2023

Name	Position	Charge Out Rate	Administration		Assets		Creditors		Investigations		Grand Total	
			Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)
David Coyne	Principal	650.00	0.80	520.00	-	-	-	-	-	-	0.80	520.00
Peter Krejci	Principal	650.00	-	-	0.10	65.00	-	-	0.20	130.00	0.30	195.00
KL	Senior Manager	530.00	0.10	53.00	-	-	-	-	1.20	636.00	1.30	689.00
JM	Manager	500.00	0.90	450.00	-	-	1.80	900.00	0.30	150.00	3.00	1,500.00
KH	Supervisor	400.00	-	-	-	-	-	-	0.40	160.00	0.40	160.00
DSC	Senior Accountant	350.00	0.50	175.00	-	-	1.00	350.00	0.20	70.00	1.70	595.00
NF	Senior Accountant	300.00	-	-	-	-	-	-	0.40	120.00	0.40	120.00
BS	Intermediate Accountant	220.00	1.20	264.00	-	-	8.30	1,826.00	1.50	330.00	11.00	2,420.00
ST	Intermediate Accountant	220.00	1.70	374.00	-	-	0.10	22.00	0.30	66.00	2.10	462.00
SG	Senior Administration	200.00	0.40	80.00	-	-	-	-	-	-	0.40	80.00
Grand Total			5.60	1,916.00	0.10	65.00	11.20	3,098.00	4.50	1,662.00	21.40	6,741.00
Average Hourly Rate				342.14		650.00		276.61		369.33		315.00

Resolution #2

Company	Richstone VIC Pty Ltd	Period From	7/6/23	To	Completion
Practitioner	David Coyne	Firm	BRI Ferrier		
	Peter Krejci				
Administration Type	Voluntary Administration				

4.1 JOINT AND SEVERAL VOLUNTARY ADMINISTRATORS' REMUNERATION FOR THE PERIOD 7 JUNE 2023 TO COMPLETION

Task Area	General Description	Includes
Creditors 13.5 hrs \$ 4,700	Creditor Enquiries	Receiving and following up creditor enquiries by telephone Maintaining creditor enquiry register Reviewing and preparing correspondence to creditors and their representatives by email and post
	Creditor reports	Preparing Second Report to Creditors and annexures
	Dealing with proofs of debt	Receipting and filing Proofs when not related to a dividend Corresponding with SRO and ATO regarding Proofs when not related to a dividend
	Meeting of Creditors	Preparing meeting notices, proxies and advertisements for Second Meeting of Creditors Sending Notice of Meeting to all known creditors Preparing meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting for Second Meeting of Creditors Presenting and drafting minutes of meeting for Second Meeting of Creditors Preparing and lodging of minutes of meetings with ASIC Responding to stakeholder queries and questions immediately following meeting
Investigation 9 hrs \$ 3,300	Conducting investigation	Preparing and reviewing investigation file Reviewing preliminary findings of voidable transactions that may be available to a Liquidator Lodging investigation with the ASIC Preparing and lodging supplementary report if required

Task Area	General Description	Includes
Administration 6 hrs \$ 2,000 Total 28.5 hrs	ASIC reporting	Preparing statutory investigation reports Liaising with ASIC
	Correspondence	Preparing general correspondence to stakeholders
	Document maintenance/file review/checklist	Filing of documents Updating checklists
	Bank account administration	Preparing bank account reconciliations Corresponding with bank regarding specific transfers
	ASIC Forms	Preparing and lodging ASIC forms including 505, etc Corresponding with ASIC regarding statutory forms
	ATO and other statutory reporting	Preparing BASs
	Finalisation	Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration Completing checklists Finalising WIP
	Planning / Review	Discussions regarding status of administration
Total Estimated Cost		\$10,000 (plus GST)

Resolution #4

Company	Richstone VIC Pty Ltd	Period From	Commencement	To	Completion
Practitioner	David Coyne Peter Krejci	Firm	BRI Ferrier		
Administration Type	Creditors Voluntary Liquidation				

4.2 JOINT AND SEVERAL LIQUIDATORS' REMUNERATION

In circumstances where creditors resolve to place the Company into Liquidation and to appoint David Coyne and Peter Krejci as Joint and Several Liquidators, the Joint and Several Liquidators will seek the approval of creditors to be paid remuneration for services rendered into the Liquidation from the date of the resolution being passed to the completion of the Liquidation. A summary of the expected major tasks and costs relating to the professional services for the period is set out below.

Task Area	General Description	Includes
Creditors 20 hrs \$ 6,400	Creditor Enquiries	Receiving and following up creditor enquiries by telephone Maintaining creditor enquiry register Reviewing and preparing correspondence to creditors and their representatives by email and post
	Creditor reports	Preparing Statutory Report to Creditors and annexures
	Dealing with proofs of debt	Receipting and filing Proofs when not related to a dividend Corresponding with SRO and ATO regarding Proofs when not related to a dividend
Investigation 18.5 hrs \$ 6,600	Conducting investigation	Undertake further investigations with respect to potential Liquidator recoveries Preparing investigation file pursuant to Section 533 of the Corporations Act 2001 Lodging investigation with the ASIC Preparing and lodging supplementary report if required
	ASIC reporting	Preparing statutory investigation reports Liaising with ASIC
Administration 14 hrs \$ 5,100	Correspondence	Preparing general correspondence to stakeholders
	Document maintenance/file review/checklist	Filing of documents Undertaking file reviews Updating checklists
	Bank account administration	Preparing bank account reconciliations Corresponding with bank regarding specific transfers
	ASIC Forms	Preparing and lodging ASIC forms including 505, etc
	ATO and other statutory reporting	Notifying ATO of appointment Preparing BASs
	Finalisation	Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration Completing checklists Finalising WIP
	Planning / Review	Discussions regarding status of administration
	Books and records / storage	Dealing with records in storage Sending job files to storage
Total 52.5 hrs	Total Estimated Cost	\$18,100 (plus GST)

5 STATEMENT OF REMUNERATION CLAIM

We are seeking approval for the following resolutions from creditors:

Administrators' Remuneration Resolution #1

"That the remuneration of the Joint and Several Voluntary Administrators from 3 March 2023 to 6 June 2023 is determined at a sum equal to the cost of time spent by the Joint and Several Voluntary Administrators and their partners and staff, calculated at the hourly rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be fixed at the amount of \$6,741, exclusive of GST, and that the Joint and Several Voluntary Administrators may draw the remuneration on a monthly basis or as required. Any amount in excess of this maximum would require the Joint and Several Administrators to call a further meeting of creditors/Committee of Inspection to seek approval of same or approach the Court for approval."

Administrators' Remuneration Resolution #2

"That the remuneration of the Joint and Several Voluntary Administrators from 7 June 2023 to completion of the Voluntary Administration is determined at a sum equal to the cost of time spent by the Joint and Several Voluntary Administrators and their partners and staff, calculated at the hourly rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$10,000, exclusive of GST, and that the Joint and Several Voluntary Administrators may draw the remuneration on a monthly basis or as required. Any amount in excess of this maximum would require the Joint and Several Voluntary Administrators to call a further meeting of creditors/Committee of Inspection to seek approval of same or approach the Court for approval."

Liquidators' Remuneration Resolution #4 (if applicable)

"That the remuneration of the Joint and Several Liquidators from commencement to completion of the Liquidation is determined at a sum equal to the cost of time spent by the Joint and Several Liquidators and their partners and staff, calculated at the hourly rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$18,100, exclusive of GST, and that the Joint and Several Liquidators may draw the remuneration on a monthly basis or as required. Any amount in excess of this maximum would require the Joint and Several Liquidators to call a further meeting of creditors/Committee of Inspection to seek approval of same or approach the Court for approval."

The total amount of remuneration sought with respect to this request is \$34,841.

If our time costs are less than the amount approved by creditors then we will only draw the lesser amount.

We also note that we will only be able to draw our remuneration if there are sufficient funds available in the external administration.

6 DISBURSEMENTS

Disbursements are divided into three types:

- Externally provided professional services - these are recovered at cost. An example of an externally provided service disbursement is legal fees.

- Externally provided non-professional costs such as travel, accommodation and search fees. These are recovered at cost.
- Internal disbursements such as photocopying, printing and postage. These disbursements, if charged to the Administration, would generally charged at cost; though some expenses such as telephone calls, photocopying and printing may be charged at a rate which recoups both variable and fixed costs. The recovery of these costs must be on a reasonable commercial basis. We also intend to charge the ASIC Industry Funding levy, detailed below, as an internal disbursement.

The ASIC Industry Funding Model levy commenced on 1 July 2017. The levy is calculated per metric events including certain lodgements with ASIC and certain advertisements on the ASIC Public Notice Website (“PNW”). These include the following:

- Notice of meetings advertised on the PNW;
- Notice of intention to declare dividend on the PNW; and
- Notice of the outcome of a proposal to pass resolution without meeting lodged with ASIC.

In this Voluntary Administration, we consider that we will incur the ASIC levy for the following metric events:

- New appointment for financial year ending 30 June 2023;
- Ongoing appointment for financial year ending 30 June 2024;
- Notice calling for formal proof of debt or claim; and
- Notice of intention to declare dividend on the PNW.

We will not be provided with an invoice for the exact amount of the fee for the year to 30 June 2023 until 2024.

Our current best estimate based on indications from ASIC is the fee will be calculated on a basis of \$125 per event and we are seeking creditor approval to recover these costs as internal disbursements with a potential profit element in accordance with the recommendations from our professional body, the Australia Restructuring Insolvency and Turnaround Association.

We have undertaken a proper assessment of disbursements claimed for the Voluntary Administration of Richstone VIC Pty Ltd, in accordance with the law and applicable professional standards. We are satisfied that the disbursements claimed are necessary and proper.

We are not obliged to seek creditor approval for disbursements, 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 Report.

In respect of internal disbursements, to the extent that these may be recovered at more than their cost, they may be considered as deriving a profit or advantage and must therefore be approved by creditors, a committee of inspection (if one is appointed), or by the Court prior to them being drawn.

Future disbursements with a potential profit element derived by our firm will be charged to the administration on the following basis, subject to creditors' approval:

Disbursements with a profit element	Rate (excl GST) (\$)
ASIC Industry Funding Levy	\$125 per event
Printing and Photocopying	\$0.25 per page

We are seeking the following resolution with respect to these disbursements:

Resolution #3 Administrators' Disbursements

"That the disbursements potentially deriving a profit element for the Joint and Several Voluntary Administrators from the commencement to completion of the Voluntary Administration are to be calculated at the rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$500, exclusive of GST, and that the Joint and Several Voluntary Administrators may draw disbursements on a monthly basis or as required."

Resolution #5 Liquidators' Disbursements

"That the disbursements potentially deriving a profit element for the Joint and Several Liquidators from the commencement to completion of the Liquidation are to be calculated at the rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$500, exclusive of GST, and that the Joint and Several Liquidators may draw disbursements on a monthly basis or as required."

If our internal disbursements are less than the amount approved by creditors then we will only draw the lesser amount.

We note that the drawing of disbursements will result in a reduction of funds available in the Liquidation.

7 LIKELY IMPACT ON DIVIDENDS

The Corporations Act 2001 sets the order for payment of claims against the company and it provides for remuneration of the external administrator to be paid in priority to other claims. This ensures that when there are sufficient funds, the external administrator receives payment for the work done to recover assets, investigate the company's affairs, report to creditors and ASIC and distribute any available funds.

Based on:

- realisations to date,
- estimated future realisations,
- our estimated remuneration to complete the Voluntary Administration;
- our estimated remuneration to complete the Liquidation; and

- the estimated total of creditor claims based on the company's records and claims lodged now,

A dividend to any class of creditors is not expected.

Please refer to our Report to Creditors dated 14 June 2023 for further details with respect to the estimated return to creditors.

8 SUMMARY OF RECEIPTS AND PAYMENTS

A summary of our receipts and payments have been provided in my Report to Creditors dated 14 June 2023.

9 QUERIES

The above information is provided to assist creditors in considering the appropriateness of the remuneration claims that are being made.

Creditors should contact Mr Joshua May of the Joint and Several Voluntary Administrators' office on 03 9622 1800 or by email at jmay@brifvic.com.au to seek further information concerning the remuneration claims if they need so.

10 INFORMATION SHEET

The ARITA has produced a document entitled "Creditor Information Sheet: Approving remuneration in external administrations" that can be downloaded from the ARITA website www.arita.com.au or alternatively a copy can be obtained from this office.

11 ADVICE TO CREDITORS

11.1 REMUNERATION METHODS

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

- Time based / hourly rates

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

- Fixed Fee

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

- Percentage

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

▲ Contingency

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

11.2 METHOD CHOSEN

BRI Ferrier normally charges to use a Time Cost basis, because:

- ▲ It is often difficult to estimate accurately the likely cost of undertaking an appointment, as appointments differ in unforeseeable ways as to their factual or legal complexity;
- ▲ The Time Cost method reflects the opportunity cost to BRI Ferrier of the use of staff on a particular engagement
- ▲ The Time Cost method reflects the extent of work undertaken, reflecting in turn the nature of the appointment
- ▲ The Time Cost method can be applied equally to all aspects of an appointment, while percentage or contingent remuneration normally only reflect parts of an appointment, such as the recovery of assets. Our duties include activities, such as reporting to creditors and ASIC, that do not directly yield asset recovery, while contributing to the overall return to creditors.

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

- ▲ We will only be paid for work done, subject to sufficient realisations of the Company assets or, if there are insufficient assets realised, to the indemnity provided to us (if any).
- ▲ It ensures creditors are only charged for work that is performed. Our time is 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.

We are unable to estimate with certainty the total amount of fees necessary to complete all tasks required in this administration. BRI Ferrier reviews its hourly rates every twelve months. The hourly rates quoted above remain current until 30 June 2023. At this time BRI Ferrier may increase the hourly rates charged for work performed past that date.

11.3 EXPLANATION OF HOURLY RATES

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

HOURLY RATES		
Title	Description	Rate (excl GST)
Principal / Appointee	A Registered Liquidator. A senior accountant with over 10 years' experience. Leads the team carrying out and controls all aspects of an appointment.	\$650
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.	\$570
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.	\$530
Manager	An accountant with at least 6 years' experience. Typically qualified with well-developed technical and commercial skills, and studying or has completed specialised study in Insolvency and Reconstruction. Controls and plans all aspects of medium to larger appointments, reporting to the Team Leader.	\$500
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.	\$400
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.	\$350
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.	\$300
Intermediate 1	An accountant with less than 2 years' experience. Typically a graduate and commencing study for qualifications. Able to complete multiple tasks on smaller to medium appointments under supervision.	\$250
Intermediate 2	An accountant with less than 1 years' experience. A trainee undertaking degree with an accountancy major. Assists in the appointment under supervision.	\$220
Senior Administration	Appropriately skilled and undertakes support activities including but not limited to treasury, word processing and other administrative, clerical and secretarial tasks.	\$200
Junior Administration	Appropriately skilled and undertakes support activities including but not limited to treasury, word processing and other administrative, clerical and secretarial tasks.	\$150

11.3.1 Notes

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

Annexure "E"

Remuneration Request Approval Report

RSG Business Services Pty Ltd

(Administrators appointed)

ACN 634 410 138

14 June 2023

David Coyne and Peter Krejci
Joint and Several Voluntary Administrators

BRI Ferrier Victoria Pty Ltd ABN 18 638 454 029
Level 10, 45 William Street, Melbourne VIC 3000
PO Box 521, Collins Street West VIC 8007

Phone (03) 9622 1800

Email: info@brifvic.com.au

Website: www.briferrier.com.au



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1 DECLARATION

We, David Coyne and Peter Krejci, of BRI Ferrier have undertaken a proper assessment of this remuneration claim for our appointment as Joint and Several Voluntary Administrators of RSG Business Services Pty Ltd in accordance with the law and applicable professional standards. We are satisfied that the remuneration claimed is in respect of necessary work, properly performed, in the conduct of the Voluntary Administration.

We have reviewed the work in progress report for the Voluntary Administration to ensure that remuneration and disbursements claimed are necessary and proper.

2 EXECUTIVE SUMMARY

To date, no remuneration has been approved or paid in this administration. We are asking creditors to approve the following remuneration and disbursements:

	Remuneration	Disbursements
Voluntary Administration	\$34,826	\$500
If Company is placed into Liquidation	\$25,000	\$500

This remuneration report details approval sought for the following fees:

Period	Amount (\$, ex GST)
Past remuneration and disbursements approved:	
Total past remuneration and disbursements approved and drawn	Nil

Current Remuneration Approval Sought	Rates to Apply	To Be Drawn	Amount (\$, ex GST)
Voluntary Administration			
Resolution #1: 3 March 2023 to 6 June 2023	As provided in Remuneration Request Approval Report dated 14 June 2023	On a monthly basis or as required.	\$24,826.00
Resolution #2: 7 June 2023 to Completion of Voluntary	As provided in Remuneration Request Approval Report dated 14	On a monthly basis or as required.	\$10,000.00

Administration	June 2023		
Resolution #3: Disbursements for the period commencement to completion	As provided in Remuneration Request Approval Report dated 14 June 2023	On a monthly basis or as required.	\$500.00
Voluntary Administration Total			\$35,326.00
Creditors Voluntary Liquidation			
Resolution #4: Commencement to Completion of the Liquidation	As provided in Remuneration Request Approval Report dated 14 June 2023	On a monthly basis or as required.	\$25,000.00
Resolution #5: Disbursements for the period commencement to completion	As provided in Remuneration Request Approval Report dated 14 June 2023	On a monthly basis or as required.	\$500.00
Liquidation Total			\$25,500.00

We estimate that the total cost of this Voluntary Administration will be \$35,326. This is consistent with the estimate of costs provided in the First Report to Creditors dated 7 March 2023, which estimated a cost to completion of the Voluntary Administration of between \$30,000 to \$50,000.

We expect that this will be my final remuneration approval request for this Voluntary Administration.

Should creditors resolve to place RSG Business Services Pty Ltd into Liquidation, we estimate that the total cost of the Liquidation will be \$25,500. However, there may be further remuneration approval requests depending on the recovery of potential claims as set out in our Second Report to Creditors dated 14 June 2023.

3 DESCRIPTION OF WORK COMPLETED / TO BE COMPLETED

Resolution #1

Company	RSG Business Services Pty Ltd	Period From
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3.1 JOINT AND SEVERAL VOLUNTARY ADMINISTRATORS' REMUNERATION FOR THE PERIOD 3 MARCH 2023 TO 6 JUNE 2023

Task Area	General Description	Includes
Assets 3.5 hours \$1,735	Sale of Business as a Going Concern	Reviewed proposal from Purchaser Reviewed books and records to confirm liabilities to assumed under sale of business and assets Reviewed books and records to confirm value of assets to be purchased under sale of business and assets Drafted and reviewed submissions to Court regarding sale of business and assets
	Other Assets	Corresponded with financial institutions regarding cash at bank
Creditors 16.6 hours \$4,805	Creditor Enquiries	Received and followed up creditor enquiries by telephone Reviewed and prepared correspondence to creditors and their representatives by email and post
	Retention of Title/Purchase Money Security Interest Claims	Searched the PPSR Communicated with security interest holders disclosed on PPSR Search Adjudicated claims of security interest holders
	Secured creditor reporting	Notified Security Interest-holders of appointment
	Creditor reports	Prepared First Report to Creditors and annexures Prepared Second Report to Creditors and annexures
	Dealing with proofs of debt	Receipted and filed Proofs when not related to a dividend
	Meeting of Creditors	Prepared meeting notices, proxies and advertisements for First Meeting of Creditors

Task Area	General Description	Includes
		<p>Sent Notice of Meeting to all known creditors</p> <p>Prepared meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors and advertisement of First Meeting of Creditors</p> <p>Presented and drafted minutes of meeting.</p> <p>Prepared and lodged of minutes of meetings with ASIC</p>
Employees 0.3 hours \$150	Employees enquiry	<p>Reviewed and prepared correspondence to creditors and their representatives by email</p>
Trade On 1 hour \$350	Trade On Management	<p>Undertook review of weekly payroll expenses and gross wages</p> <p>Undertook review of capacity to trade and ensured appropriate insurance covers were in place</p>
Investigation 38.1 hours \$15,258	Conducting investigation	<p>Collected company books and records</p> <p>Reviewed company's books and records</p> <p>Reviewed and prepared narrative of business nature and history</p> <p>Conducted and summarising statutory searches</p> <p>Prepared comparative financial statements</p> <p>Prepared deficiency statement</p> <p>Liaised with directors regarding certain transactions posted in electronic records</p> <p>Undertook review of bank statements and electronic records for voidable transactions that may be recoverable by a liquidator</p> <p>Undertook investigations with respect to insolvent trading</p> <p>Prepared investigation file</p>
Administration 8.1 hours \$2,528	Correspondence	Prepared general correspondence to stakeholders
	Document maintenance/file review/checklist	<p>Filed documents</p> <p>Updated checklists</p>
	Insurance	Corresponded with insurer regarding initial and ongoing insurance requirements
	Bank account administration	<p>Prepared correspondence opening accounts</p> <p>Requested bank statements</p>

Task Area	General Description	Includes
Total 67.6 hrs		Prepared bank account reconciliations
	ASIC Forms	Prepared and lodged ASIC forms including 505, etc
	ATO and other statutory reporting	Notified ATO of appointment
	Planning / Review	Discussions regarding status of administration
	Total Cost	\$24,826 (plus GST)

4 CALCULATION OF REMUNERATION

The remuneration request is summarised by employee by area of activity on the following page.

RSG Business Services Pty Ltd (Administrators Appointed)

For the period from 3 March 2023 to 6 June 2023

Name	Position	Charge Out Rate	Administration		Assets		Creditors		Employees		Investigations		Trade-On		Grand Total	
			Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)
David Coyne	Principal	650.00	0.50	325.00	-	-	-	-	-	-	-	-	-	-	0.50	325.00
Peter Krejci	Principal	650.00	0.10	65.00	0.40	260.00	0.10	65.00	-	-	0.90	585.00	-	-	1.50	975.00
JK	Principal	650.00	0.10	65.00	-	-	-	-	-	-	3.90	2,535.00	-	-	4.00	2,600.00
KL	Senior Manager	530.00	-	-	-	-	-	-	-	-	7.50	3,975.00	-	-	7.50	3,975.00
JM	Manager	500.00	1.20	600.00	2.60	1,300.00	3.50	1,750.00	0.30	150.00	2.40	1,200.00	-	-	10.00	5,000.00
KH	Supervisor	400.00	-	-	-	-	-	-	-	-	3.80	1,520.00	-	-	3.80	1,520.00
DSC	Senior Accountant	350.00	0.90	315.00	0.50	175.00	1.00	350.00	-	-	0.70	245.00	1.00	350.00	4.10	1,435.00
NF	Senior Accountant	300.00	-	-	-	-	-	-	-	-	13.00	3,900.00	-	-	13.00	3,900.00
BS	Intermediate Accountant	220.00	2.00	440.00	-	-	11.70	2,574.00	-	-	5.60	1,232.00	-	-	19.30	4,246.00
ST	Intermediate Accountant	220.00	2.90	638.00	-	-	0.30	66.00	-	-	0.30	66.00	-	-	3.50	770.00
SG	Senior Administration	200.00	0.40	80.00	-	-	-	-	-	-	-	-	-	-	0.40	80.00
Grand Total			8.10	2,528.00	3.50	1,735.00	16.60	4,805.00	0.30	150.00	38.10	15,258.00	1.00	350.00	67.60	24,826.00
Average Hourly Rate				312.10		495.71		289.46		500.00		400.47		350.00		367.25

Resolution #2

Company	RSG Business Services Pty Ltd	Period From	7/6/23	To	Completion
Practitioner	David Coyne Peter Krejci	Firm	BRI Ferrier		
Administration Type	Voluntary Administration				

4.1 JOINT AND SEVERAL VOLUNTARY ADMINISTRATORS' REMUNERATION FOR THE PERIOD 7 JUNE 2023 TO COMPLETION

Task Area	General Description	Includes
Creditors 13.5 hours \$4,700	Creditor Enquiries	Receiving and following up creditor enquiries by telephone Reviewing and preparing correspondence to creditors and their representatives by email and post
	Creditor reports	Preparing Second Report to Creditors and annexures
	Dealing with proofs of debt	Receipting and filing Proofs when not related to a dividend Corresponding with SRO and ATO regarding Proofs when not related to a dividend
	Meeting of Creditors	Preparing meeting notices, proxies and advertisements of Second Meeting of Creditors Sending Notice of Meeting to all known creditors Preparing meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors and advertisement of Second Meeting of Creditors Presenting and drafting minutes of Second Meeting of Creditors Preparing and lodging of minutes of meetings with ASIC Responding to stakeholder queries and questions immediately following meeting
Investigation 9 hours \$3,300	Conducting investigation	Preparing and reviewing investigation file Reviewing preliminary findings of voidable transactions that may be available to a Liquidator Lodging investigation with the ASIC Preparing and lodging supplementary report if required

Task Area	General Description	Includes
Administration 6 hours \$2,000 Total 28.5 hrs	ASIC reporting	Preparing statutory investigation reports Liaising with ASIC
	Correspondence	Preparing general correspondence to stakeholders
	Document maintenance/file review/checklist	Filing of documents Updating checklists
	ASIC Forms	Preparing and lodging ASIC forms including 505, etc
	ATO and other statutory reporting	Preparing BASs
	Finalisation	Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration Completing checklists Finalising WIP
	Planning / Review	Discussing status of administration
	Books and records / storage	Dealing with records in storage Sending job files to storage
Total Estimated Cost		\$10,000 (plus GST)

Resolution #4

Company	RSG Business Services Pty Ltd	Period From	Commencement	To	Completion
Practitioner	David Coyne	Firm	BRI Ferrier		
	Peter Krejci				
Administration Type	Creditors Voluntary Liquidation				

4.2 JOINT AND SEVERAL LIQUIDATORS' REMUNERATION

In circumstances where creditors resolve to place the Company into Liquidation and to appoint David Coyne and Peter Krejci as Joint and Several Liquidators, the Joint and Several Liquidators will seek the approval of creditors to be paid remuneration for services rendered into the Liquidation from the date of the resolution being passed to the completion of the Liquidation. A summary of the expected major tasks and costs relating to the professional services for the period is set out below.

Task Area	General Description	Includes
Creditors 23 hours \$8,100	Creditor Enquiries	Receiving and following up creditor enquiries by telephone Reviewing and preparing correspondence to creditors and their representatives by email and post
	Creditor reports	Preparing Statutory Report to Creditors and annexures
	Dealing with proofs of debt	Receipting and filing Proofs when not related to a dividend Corresponding with SRO and ATO regarding Proofs when not related to a dividend
	Meeting of Creditors	Preparing and lodging of minutes of second meeting of creditors with ASIC
Investigation 36.5 hours \$12,000	Conducting investigation	Undertaking further investigations with respect to insolvent trading Undertaking further investigations with respect to voidable transactions Preparing investigation file Lodging investigation with the ASIC Preparing and lodging supplementary report if required
	Litigation / Recoveries	If required: Internal meetings to discuss status of litigation Preparing brief to solicitors Liaising with solicitors regarding recovery actions Attending to negotiations Attending to settlement matters
	ASIC reporting	Preparing statutory investigation reports Liaising with ASIC
Administration 13.5 hours \$4,900	Correspondence	Preparing general correspondence to stakeholders
	Document maintenance/file review/checklist	Filing of documents Undertaking file reviews Updating checklists
	Bank account administration	Preparing bank account reconciliations
	ASIC Forms	Preparing and lodging ASIC forms including 505, etc
	ATO and other statutory reporting	Preparing BASs
	Finalisation	Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration Completing checklists

Task Area	General Description	Includes
Total 73 hrs		Finalising WIP
	Planning / Review	Discussing status of administration
	Books and records / storage	Dealing with records in storage Sending job files to storage
	Total Estimated Cost	\$25,000 (plus GST)

5 STATEMENT OF REMUNERATION CLAIM

We are seeking approval for the following resolutions from creditors:

Administrators' Remuneration Resolution #1

"That the remuneration of the Joint and Several Voluntary Administrators from 3 March 2023 to 6 June 2023 is determined at a sum equal to the cost of time spent by the Joint and Several Voluntary Administrators and their partners and staff, calculated at the hourly rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be fixed at the amount of \$24,826, exclusive of GST, and that the Joint and Several Voluntary Administrators may draw the remuneration on a monthly basis or as required. Any amount in excess of this maximum would require the Joint and Several Administrators to call a further meeting of creditors/Committee of Inspection to seek approval of same or approach the Court for approval."

Administrators' Remuneration Resolution #2

"That the remuneration of the Joint and Several Voluntary Administrators from 7 June 2023 to completion of the Voluntary Administration is determined at a sum equal to the cost of time spent by the Joint and Several Voluntary Administrators and their partners and staff, calculated at the hourly rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$10,000, exclusive of GST, and that the Joint and Several Voluntary Administrators may draw the remuneration on a monthly basis or as required. Any amount in excess of this maximum would require the Joint and Several Voluntary Administrators to call a further meeting of creditors/Committee of Inspection to seek approval of same or approach the Court for approval."

Liquidators' Remuneration Resolution #4 (if applicable)

"That the remuneration of the Joint and Several Liquidators from commencement to completion of the Liquidation is determined at a sum equal to the cost of time spent by the Joint and Several Liquidators and their partners and staff, calculated at the hourly rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$25,000, exclusive of GST, and that the Joint and Several Liquidators may draw the remuneration on a monthly basis or as required. Any amount in excess of this maximum would require the Joint and Several Liquidators to call a further meeting of creditors/Committee of Inspection to seek approval of same or approach the Court for approval."

The total amount of remuneration sought with respect to this request is \$59,826.

If our time costs are less than the amount approved by creditors then we will only draw the lesser amount.

We also note that we will only be able to draw our remuneration if there are sufficient funds available in the external administration.

6 DISBURSEMENTS

Disbursements are divided into three types:

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

The ASIC Industry Funding Model levy commenced on 1 July 2017. The levy is calculated per metric events including certain lodgements with ASIC and certain advertisements on the ASIC Public Notice Website (“PNW”). These include the following:

- Notice of meetings advertised on the PNW;
- Notice of intention to declare dividend on the PNW; and
- Notice of the outcome of a proposal to pass resolution without meeting lodged with ASIC.

In this Voluntary Administration, we consider that we will incur the ASIC levy for the following metric events:

- New appointment for financial year ending 30 June 2023;
- Ongoing appointment for financial year ending 30 June 2024;
- Notice calling for formal proof of debt or claim; and
- Notice of intention to declare dividend on the PNW.

We will not be provided with an invoice for the exact amount of the fee for the year to 30 June 2023 until 2024.

Our current best estimate based on indications from ASIC is the fee will be calculated on a basis of \$125 per event and we are seeking creditor approval to recover these costs as internal disbursements with a potential profit element in accordance with the recommendations from our professional body, the Australia Restructuring Insolvency and Turnaround Association.

We have undertaken a proper assessment of disbursements claimed for the Voluntary Administration of RSG Business Services Pty Ltd, in accordance with the law and applicable professional standards. We are satisfied that the disbursements claimed are necessary and proper.

We are not obliged to seek creditor approval for disbursements, 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 Report.

In respect of internal disbursements, to the extent that these may be recovered at more than their cost, they may be considered as deriving a profit or advantage and must therefore be approved by creditors, a committee of inspection (if one is appointed), or by the Court prior to them being drawn.

Future disbursements with a potential profit element derived by our firm will be charged to the administration on the following basis, subject to creditors' approval:

Disbursements with a profit element	Rate (excl GST) (\$)
ASIC Industry Funding Levy	\$125 per event
Printing and Photocopying	\$0.25 per page

We are seeking the following resolution with respect to these disbursements:

Resolution #3 Administrators' Disbursements

"That the disbursements potentially deriving a profit element for the Joint and Several Voluntary Administrators from the commencement to completion of the Voluntary Administration are to be calculated at the rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$500, exclusive of GST, and that the Joint and Several Voluntary Administrators may draw disbursements on a monthly basis or as required."

Resolution #5 Liquidators' Disbursements

"That the disbursements potentially deriving a profit element for the Joint and Several Liquidators from the commencement to completion of the Liquidation are to be calculated at the rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$500, exclusive of GST, and that the Joint and Several Liquidators may draw disbursements on a monthly basis or as required."

If my internal disbursements are less than the amount approved by creditors then we will only draw the lesser amount.

We note that the drawing of disbursements will result in a reduction of funds available in the external administration.

7 LIKELY IMPACT ON DIVIDENDS

The Corporations Act 2001 sets the order for payment of claims against the company and it provides for remuneration of the external administrator to be paid in priority to other claims. This ensures that when there are sufficient funds, the external administrator receives payment for the work done to recover assets, investigate the company's affairs, report to creditors and ASIC and distribute any available funds.

Based on:

- realisations to date,
- estimated future realisations,
- our estimated remuneration to complete the Voluntary Administration;
- or estimated remuneration to complete the Liquidation; and
- the estimated total of creditor claims based on the company's records and claims lodged now,

We estimate that a dividend of 0 to 100 cents in the dollar will be paid to priority creditors and a dividend return rate of 0 to 15 cents in the dollar is estimated to be paid to unsecured creditors. However, this is subject to a range of variables, particularly the future realisations and creditor claims.

Please refer to our Report to Creditors dated 14 June 2023 for further details with respect to the estimated return to creditors.

8 SUMMARY OF RECEIPTS AND PAYMENTS

A summary of our receipts and payments have been provided in my Report to Creditors dated 14 June 2023.

9 QUERIES

The above information is provided to assist creditors in considering the appropriateness of the remuneration claims that are being made.

Creditors should contact Mr Joshua May of the Joint and Several Voluntary Administrators' office on 03 9622 1800 or by email at jmay@brifvic.com.au to seek further information concerning the remuneration claims if they need so.

10 INFORMATION SHEET

The ARITA has produced a document entitled "Creditor Information Sheet: Approving remuneration in external administrations" that can be downloaded from the ARITA website www.arita.com.au or alternatively a copy can be obtained from this office.

11 ADVICE TO CREDITORS

11.1 REMUNERATION METHODS

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

- Time based / hourly rates

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

- Fixed Fee

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

- Percentage

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

- Contingency

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

11.2 METHOD CHOSEN

BRI Ferrier normally charges to use a Time Cost basis, because:

- It is often difficult to estimate accurately the likely cost of undertaking an appointment, as appointments differ in unforeseeable ways as to their factual or legal complexity;
- The Time Cost method reflects the opportunity cost to BRI Ferrier of the use of staff on a particular engagement
- The Time Cost method reflects the extent of work undertaken, reflecting in turn the nature of the appointment
- The Time Cost method can be applied equally to all aspects of an appointment, while percentage or contingent remuneration normally only reflect parts of an appointment, such as the recovery of assets. Our duties include activities, such as reporting to creditors and ASIC, that do not directly yield asset recovery, while contributing to the overall return to creditors.

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

- We will only be paid for work done, subject to sufficient realisations of the Company assets or, if there are insufficient assets realised, to the indemnity provided to us (if any).

- It ensures creditors are only charged for work that is performed. Our time is 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.

We are unable to estimate with certainty the total amount of fees necessary to complete all tasks required in this administration. BRI Ferrier reviews its hourly rates every twelve months. The hourly rates quoted above remain current until 30 June 2023. At this time BRI Ferrier may increase the hourly rates charged for work performed past that date.

11.3 EXPLANATION OF HOURLY RATES

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

HOURLY RATES		
Title	Description	Rate (excl GST)
Principal / Appointee	A Registered Liquidator. A senior accountant with over 10 years' experience. Leads the team carrying out and controls all aspects of an appointment.	\$650
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.	\$570
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.	\$530
Manager	An accountant with at least 6 years' experience. Typically qualified with well-developed technical and commercial skills, and studying or has completed specialised study in Insolvency and Reconstruction. Controls and plans all aspects of medium to larger appointments, reporting to the Team Leader.	\$500
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.	\$400
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.	\$350
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.	\$300
Intermediate 1	An accountant with less than 2 years' experience. Typically a graduate and commencing study for qualifications. Able to complete multiple tasks on smaller to medium appointments under supervision.	\$250

Intermediate 2	An accountant with less than 1 years' experience. A trainee undertaking degree with an accountancy major. Assists in the appointment under supervision.	\$220
Senior Administration	Appropriately skilled and undertakes support activities including but not limited to treasury, word processing and other administrative, clerical and secretarial tasks.	\$200
Junior Administration	Appropriately skilled and undertakes support activities including but not limited to treasury, word processing and other administrative, clerical and secretarial tasks.	\$150

11.3.1 Notes

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

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

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

- ☐ Modular Prefab Solutions VIC Pty Ltd
- ☐ Richstone Administration Pty Ltd
- ☐ Richstone Australia Group Pty Ltd
- ☐ Richstone Plumbing Pty Ltd
- ☐ Richstone Plumbing VIC Pty Ltd
- ☐ Richstone VIC Pty Ltd
- ☐ RSG Business Serviced Pty Ltd

1. This is to state that the company was, on 3 March 2023 ⁽¹⁾ and still is, justly and truly indebted to⁽²⁾ (full name):

.....
(‘Creditor’)

.....
of (full address)

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

Particulars of the debt are:

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

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

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

Date	Drawer	Acceptor	Amount \$ c	Due Date

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

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

relationship:

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

Is the debt you are claiming assigned to you?

No ☐ Yes ☐

If yes, attach written evidence of the debt, the assignment and consideration given.

☐ Attached

If yes, what value of consideration did you give for the assignment (eg, what amount did you pay for the debt?) \$

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

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

DATED this day of 2023

Signature of Signatory.....

NAME IN BLOCK LETTERS.....

Occupation

Address.....

See Directions overleaf for the completion of this form

OFFICE USE ONLY

POD No:		ADMIT (Voting / Dividend) - Ordinary	\$
Date Received:	/ /	ADMIT (Voting / Dividend) – Preferential	\$
Entered into CORE IPS:		Reject (Voting / Dividend)	\$
Amount per ROCAP	\$	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.

Annexure "G"

Form 532

Regulation 5.6.29
Corporations Act 2001
APPOINTMENT OF PROXY

MODULAR PREFAB SOULTIONS VIC PTY LTD
(ADMINISTRATORS APPOINTED)
ACN 149 767 911 ("THE COMPANY")

*I/*We⁽¹⁾.....of.....
.....a creditor of the
Company, appoint(2)..... or in his or her absence
.....as *my/our general/special proxy to vote at the second meeting of creditors
of the Company to be held virtually on Wednesday, 21 June 2023 at 11.00AM AEST, or at any adjournment of
that meeting.⁽³⁾

To vote as follows: ⁽³⁾

	FOR	AGAINST	ABSTAIN
(1) (a) That the Meeting be adjourned for a period not exceeding forty-five (45) business days.			
(b) That the Company execute a Deed of Company Arrangement. (not available)			
(c) That the Administration should end.			
(d) That the Company be wound up.			
(2) "That the remuneration of the Joint and Several Voluntary Administrators from 3 March 2023 to 6 June 2023 is determined at a sum equal to the cost of time spent by the Joint and Several Voluntary Administrators and their partners and staff, calculated at the hourly rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be fixed at the amount of \$46,629, exclusive of GST, and that the Joint and Several Voluntary Administrators may draw the remuneration on a monthly basis or as required. Any amount in excess of this maximum would require the Joint and Several Administrators to call a further meeting of creditors/Committee of Inspection to seek approval of same or approach the Court for approval."			
(3) "That the remuneration of the Joint and Several Voluntary Administrators from 7 June 2023 to completion of the Voluntary Administration is determined at a sum equal to the cost of time spent by the Joint and Several Voluntary Administrators and their partners and staff, calculated at the hourly rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$25,000, exclusive of GST, and that the Joint and Several Voluntary Administrators may draw the remuneration on a monthly basis or as required. Any amount in excess of this maximum would require the Joint and Several Voluntary Administrators to call a further meeting of creditors/Committee of Inspection to seek approval of same or approach the Court for approval."			

Turn over for Signing

(4) "That the disbursements potentially deriving a profit element for the Joint and Several Voluntary Administrators from the commencement to completion of the Voluntary Administration are to be calculated at the rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$500, exclusive of GST, and that the Joint and Several Voluntary Administrators may draw disbursements on a monthly basis or as required."			
(5) "That the remuneration of the Joint and Several Liquidators from commencement to completion of the Liquidation is determined at a sum equal to the cost of time spent by the Joint and Several Liquidators and their partners and staff, calculated at the hourly rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$50,000, exclusive of GST, and that the Joint and Several Liquidators may draw the remuneration on a monthly basis or as required. Any amount in excess of this maximum would require the Joint and Several Liquidators to call a further meeting of creditors/Committee of Inspection to seek approval of same or approach the Court for approval."			
(6) "That the disbursements potentially deriving a profit element for the Joint and Several Liquidators from the commencement to completion of the Liquidation are to be calculated at the rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$500, exclusive of GST, and that the Joint and Several Liquidators may draw disbursements on a monthly basis or as required."			
(7) "That subject to obtaining the approval of the Australian Securities and Investments Commission under Insolvency Practice Schedule (Corporations) 70-35(3), the books and records of the company and of the liquidation be disposed of by the liquidator 6 months after the dissolution of the company or earlier at the discretion of the Australian Securities and Investments Commission." (applicable only if Company is placed into Liquidation).			

The person so appointed as *my/*our *general/*special proxy is herewith authorised to accept nomination as a member of the Committee of Inspection, should he or she be so nominated or appointed.

INSTRUCTIONS FOR COMPLETING:

1. Insert name and address.
2. Insert name of person to be appointed as proxy. Where the proxy does not appoint a person the proxy will be deemed to be in favour of the Chairman.
3. To vote in favour of one of the first four options regarding the future of the Company tick (✓) the "for" box next to the desired option and tick (✓) the "against" box for all other options. In relation to remuneration, you may tick (✓) either "for" or "against" or "abstain".

DATED Signature

(If Company - Sign under Seal)

Proxies should be returned to the offices of BRI Ferrier Pty Ltd, PO Box 521, Collins Street West VIC 8007, prior to the meeting.

CERTIFICATE OF WITNESS (5) -(to be completed only where person giving proxy is blind or incapable of writing)

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

DATED thisday of 2023

Signature of Witness

Description

Place of Residence

Annexure "G"

Form 532

Regulation 5.6.29
Corporations Act 2001
APPOINTMENT OF PROXY

RICHSTONE ADMINISTRATION PTY LTD
(ADMINISTRATORS APPOINTED)
ACN 131 701 712 ("THE COMPANY")

*I/*We⁽¹⁾.....of.....
.....a creditor of the
Company, appoint(2)..... or in his or her absence
.....as *my/our general/special proxy to vote at the second meeting of creditors
of the Company to be held virtually on Wednesday, 21 June 2023 at 11.00AM AEST, or at any adjournment of
that meeting.⁽³⁾

To vote as follows: ⁽³⁾

	FOR	AGAINST	ABSTAIN
(1) (a) That the Meeting be adjourned for a period not exceeding forty-five (45) business days.			
(b) That the Company execute a Deed of Company Arrangement. (not available)			
(c) That the Administration should end.			
(d) That the Company be wound up.			
(2) "That the remuneration of the Joint and Several Voluntary Administrators from 3 March 2023 to 6 June 2023 is determined at a sum equal to the cost of time spent by the Joint and Several Voluntary Administrators and their partners and staff, calculated at the hourly rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be fixed at the amount of \$10,268, exclusive of GST, and that the Joint and Several Voluntary Administrators may draw the remuneration on a monthly basis or as required. Any amount in excess of this maximum would require the Joint and Several Administrators to call a further meeting of creditors/Committee of Inspection to seek approval of same or approach the Court for approval."			
(3) "That the remuneration of the Joint and Several Voluntary Administrators from 7 June 2023 to completion of the Voluntary Administration is determined at a sum equal to the cost of time spent by the Joint and Several Voluntary Administrators and their partners and staff, calculated at the hourly rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$10,000, exclusive of GST, and that the Joint and Several Voluntary Administrators may draw the remuneration on a monthly basis or as required. Any amount in excess of this maximum would require the Joint and Several Voluntary Administrators to call a further meeting of creditors/Committee of Inspection to seek approval of same or approach the Court for approval."			

Turn over for Signing

(4) "That the disbursements potentially deriving a profit element for the Joint and Several Voluntary Administrators from the commencement to completion of the Voluntary Administration are to be calculated at the rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$500, exclusive of GST, and that the Joint and Several Voluntary Administrators may draw disbursements on a monthly basis or as required."			
(5) "That the remuneration of the Joint and Several Liquidators from commencement to completion of the Liquidation is determined at a sum equal to the cost of time spent by the Joint and Several Liquidators and their partners and staff, calculated at the hourly rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$25,000, exclusive of GST, and that the Joint and Several Liquidators may draw the remuneration on a monthly basis or as required. Any amount in excess of this maximum would require the Joint and Several Liquidators to call a further meeting of creditors/Committee of Inspection to seek approval of same or approach the Court for approval."			
(6) "That the disbursements potentially deriving a profit element for the Joint and Several Liquidators from the commencement to completion of the Liquidation are to be calculated at the rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$500, exclusive of GST, and that the Joint and Several Liquidators may draw disbursements on a monthly basis or as required."			
(7) "That subject to obtaining the approval of the Australian Securities and Investments Commission under Insolvency Practice Schedule (Corporations) 70-35(3), the books and records of the company and of the liquidation be disposed of by the liquidator 6 months after the dissolution of the company or earlier at the discretion of the Australian Securities and Investments Commission." (applicable only if Company is placed into Liquidation).			

The person so appointed as *my/*our *general/*special proxy is herewith authorised to accept nomination as a member of the Committee of Inspection, should he or she be so nominated or appointed.

INSTRUCTIONS FOR COMPLETING:

1. Insert name and address.
2. Insert name of person to be appointed as proxy. Where the proxy does not appoint a person the proxy will be deemed to be in favour of the Chairman.
3. To vote in favour of one of the first four options regarding the future of the Company tick (✓) the "for" box next to the desired option and tick (✓) the "against" box for all other options. In relation to remuneration, you may tick (✓) either "for" or "against" or "abstain".

DATED Signature

(If Company - Sign under Seal)

Proxies should be returned to the offices of BRI Ferrier Pty Ltd, PO Box 521, Collins Street West VIC 8007, prior to the meeting.

CERTIFICATE OF WITNESS (5) -(to be completed only where person giving proxy is blind or incapable of writing)

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

DATED thisday of 2023

Signature of Witness

Description

Place of Residence

Annexure "G"

Form 532

Regulation 5.6.29
Corporations Act 2001
APPOINTMENT OF PROXY

RICHSTONE AUSTRALIA GROUP PTY LTD
(ADMINISTRATORS APPOINTED)
ACN 160 820 146 ("THE COMPANY")

*I/*We⁽¹⁾.....of.....
.....a creditor of the
Company, appoint(2)..... or in his or her absence
.....as *my/our general/special proxy to vote at the second meeting of creditors
of the Company to be held virtually on Wednesday, 21 June 2023 at 11.00AM AEST, or at any adjournment of
that meeting.⁽³⁾

To vote as follows: ⁽³⁾

	FOR	AGAINST	ABSTAIN
(1) (a) That the Meeting be adjourned for a period not exceeding forty-five (45) business days.			
(b) That the Company execute a Deed of Company Arrangement. (not available)			
(c) That the Administration should end.			
(d) That the Company be wound up.			
(2) "That the remuneration of the Joint and Several Voluntary Administrators from 3 March 2023 to 6 June 2023 is determined at a sum equal to the cost of time spent by the Joint and Several Voluntary Administrators and their partners and staff, calculated at the hourly rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be fixed at the amount of \$11,091, exclusive of GST, and that the Joint and Several Voluntary Administrators may draw the remuneration on a monthly basis or as required. Any amount in excess of this maximum would require the Joint and Several Administrators to call a further meeting of creditors/Committee of Inspection to seek approval of same or approach the Court for approval."			
(3) "That the remuneration of the Joint and Several Voluntary Administrators from 7 June 2023 to completion of the Voluntary Administration is determined at a sum equal to the cost of time spent by the Joint and Several Voluntary Administrators and their partners and staff, calculated at the hourly rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$10,000, exclusive of GST, and that the Joint and Several Voluntary Administrators may draw the remuneration on a monthly basis or as required. Any amount in excess of this maximum would require the Joint and Several Voluntary Administrators to call a further meeting of creditors/Committee of Inspection to seek approval of same or approach the Court for approval."			

Turn over for Signing

(4) "That the disbursements potentially deriving a profit element for the Joint and Several Voluntary Administrators from the commencement to completion of the Voluntary Administration are to be calculated at the rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$500, exclusive of GST, and that the Joint and Several Voluntary Administrators may draw disbursements on a monthly basis or as required."			
(5) "That the remuneration of the Joint and Several Liquidators from commencement to completion of the Liquidation is determined at a sum equal to the cost of time spent by the Joint and Several Liquidators and their partners and staff, calculated at the hourly rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$25,000, exclusive of GST, and that the Joint and Several Liquidators may draw the remuneration on a monthly basis or as required. Any amount in excess of this maximum would require the Joint and Several Liquidators to call a further meeting of creditors/Committee of Inspection to seek approval of same or approach the Court for approval."			
(6) "That the disbursements potentially deriving a profit element for the Joint and Several Liquidators from the commencement to completion of the Liquidation are to be calculated at the rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$500, exclusive of GST, and that the Joint and Several Liquidators may draw disbursements on a monthly basis or as required."			
(7) "That subject to obtaining the approval of the Australian Securities and Investments Commission under Insolvency Practice Schedule (Corporations) 70-35(3), the books and records of the company and of the liquidation be disposed of by the liquidator 6 months after the dissolution of the company or earlier at the discretion of the Australian Securities and Investments Commission." (applicable only if Company is placed into Liquidation).			

The person so appointed as *my/*our *general/*special proxy is herewith authorised to accept nomination as a member of the Committee of Inspection, should he or she be so nominated or appointed.

INSTRUCTIONS FOR COMPLETING:

1. Insert name and address.
2. Insert name of person to be appointed as proxy. Where the proxy does not appoint a person the proxy will be deemed to be in favour of the Chairman.
3. To vote in favour of one of the first four options regarding the future of the Company tick (✓) the "for" box next to the desired option and tick (✓) the "against" box for all other options. In relation to remuneration, you may tick (✓) either "for" or "against" or "abstain".

DATED Signature

(If Company - Sign under Seal)

Proxies should be returned to the offices of BRI Ferrier Pty Ltd, PO Box 521, Collins Street West VIC 8007, prior to the meeting.

CERTIFICATE OF WITNESS (5) -(to be completed only where person giving proxy is blind or incapable of writing)

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

DATED thisday of 2023

Signature of Witness

Description

Place of Residence

Annexure "G"

Form 532

Regulation 5.6.29
Corporations Act 2001
APPOINTMENT OF PROXY

RICHSTONE PLUMBING PTY LTD
(ADMINISTRATORS APPOINTED)
ACN 104 934 358 ("THE COMPANY")

*I/*We⁽¹⁾.....of.....
.....a creditor of the
Company, appoint(2)..... or in his or her absence
.....as *my/our general/special proxy to vote at the second meeting of creditors
of the Company to be held virtually on Wednesday, 21 June 2023 at 11.00AM AEST, or at any adjournment of
that meeting.⁽³⁾

To vote as follows: ⁽³⁾

	FOR	AGAINST	ABSTAIN
(1) (a) That the Meeting be adjourned for a period not exceeding forty-five (45) business days.			
(b) That the Company execute a Deed of Company Arrangement. (not available)			
(c) That the Administration should end.			
(d) That the Company be wound up.			
(2) "That the remuneration of the Joint and Several Voluntary Administrators from 3 March 2023 to 6 June 2023 is determined at a sum equal to the cost of time spent by the Joint and Several Voluntary Administrators and their partners and staff, calculated at the hourly rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be fixed at the amount of \$153,938, exclusive of GST, and that the Joint and Several Voluntary Administrators may draw the remuneration on a monthly basis or as required. Any amount in excess of this maximum would require the Joint and Several Administrators to call a further meeting of creditors/Committee of Inspection to seek approval of same or approach the Court for approval."			
(3) "That the remuneration of the Joint and Several Voluntary Administrators from 7 June 2023 to completion of the Voluntary Administration is determined at a sum equal to the cost of time spent by the Joint and Several Voluntary Administrators and their partners and staff, calculated at the hourly rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$30,000, exclusive of GST, and that the Joint and Several Voluntary Administrators may draw the remuneration on a monthly basis or as required. Any amount in excess of this maximum would require the Joint and Several Voluntary Administrators to call a further meeting of creditors/Committee of Inspection to seek approval of same or approach the Court for approval."			

Turn over for Signing

(4) "That the disbursements potentially deriving a profit element for the Joint and Several Voluntary Administrators from the commencement to completion of the Voluntary Administration are to be calculated at the rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$500, exclusive of GST, and that the Joint and Several Voluntary Administrators may draw disbursements on a monthly basis or as required."			
(5) "That the remuneration of the Joint and Several Liquidators from commencement to completion of the Liquidation is determined at a sum equal to the cost of time spent by the Joint and Several Liquidators and their partners and staff, calculated at the hourly rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$100,000, exclusive of GST, and that the Joint and Several Liquidators may draw the remuneration on a monthly basis or as required. Any amount in excess of this maximum would require the Joint and Several Liquidators to call a further meeting of creditors/Committee of Inspection to seek approval of same or approach the Court for approval."			
(6) "That the disbursements potentially deriving a profit element for the Joint and Several Liquidators from the commencement to completion of the Liquidation are to be calculated at the rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$500, exclusive of GST, and that the Joint and Several Liquidators may draw disbursements on a monthly basis or as required."			
(7) "That subject to obtaining the approval of the Australian Securities and Investments Commission under Insolvency Practice Schedule (Corporations) 70-35(3), the books and records of the company and of the liquidation be disposed of by the liquidator 6 months after the dissolution of the company or earlier at the discretion of the Australian Securities and Investments Commission." (applicable only if Company is placed into Liquidation).			

The person so appointed as *my/*our *general/*special proxy is herewith authorised to accept nomination as a member of the Committee of Inspection, should he or she be so nominated or appointed.

INSTRUCTIONS FOR COMPLETING:

1. Insert name and address.
2. Insert name of person to be appointed as proxy. Where the proxy does not appoint a person the proxy will be deemed to be in favour of the Chairman.
3. To vote in favour of one of the first four options regarding the future of the Company tick (✓) the "for" box next to the desired option and tick (✓) the "against" box for all other options. In relation to remuneration, you may tick (✓) either "for" or "against" or "abstain".

DATED Signature

(If Company - Sign under Seal)

Proxies should be returned to the offices of BRI Ferrier Pty Ltd, PO Box 521, Collins Street West VIC 8007, prior to the meeting.

CERTIFICATE OF WITNESS (5) -(to be completed only where person giving proxy is blind or incapable of writing)

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

DATED thisday of 2023

Signature of Witness

Description

Place of Residence

Annexure "G"

Form 532

Regulation 5.6.29
Corporations Act 2001
APPOINTMENT OF PROXY

RICHSTONE PLUMBING VIC PTY LTD IN ITS OWN RIGHT AND ATF RICHSTONE EQUIPMENT HIRE TRUST
(ADMINISTRATORS APPOINTED)
ACN 644 094 897
ABN 94 967 157 619
("THE COMPANY")

*I/*We⁽¹⁾.....of.....
.....a creditor of the
Company, appoint(2)..... or in his or her absence
.....as *my/our general/special proxy to vote at the second meeting of creditors
of the Company to be held virtually on Wednesday, 21 June 2023 at 11.00AM AEST, or at any adjournment of
that meeting.⁽³⁾

To vote as follows: ⁽³⁾

	FOR	AGAINST	ABSTAIN
(1) (a) That the Meeting be adjourned for a period not exceeding forty-five (45) business days.			
(b) That the Company execute a Deed of Company Arrangement. (not available)			
(c) That the Administration should end.			
(d) That the Company be wound up.			
(2) "That the remuneration of the Joint and Several Voluntary Administrators from 3 March 2023 to 6 June 2023 is determined at a sum equal to the cost of time spent by the Joint and Several Voluntary Administrators and their partners and staff, calculated at the hourly rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be fixed at the amount of \$26,641, exclusive of GST, and that the Joint and Several Voluntary Administrators may draw the remuneration on a monthly basis or as required. Any amount in excess of this maximum would require the Joint and Several Administrators to call a further meeting of creditors/Committee of Inspection to seek approval of same or approach the Court for approval."			
(3) "That the remuneration of the Joint and Several Voluntary Administrators from 7 June 2023 to completion of the Voluntary Administration is determined at a sum equal to the cost of time spent by the Joint and Several Voluntary Administrators and their partners and staff, calculated at the hourly rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$10,000, exclusive of GST, and that the Joint and Several Voluntary Administrators may draw the remuneration on a monthly basis or as required. Any amount in excess of this maximum would require the Joint and Several Voluntary Administrators to call a further meeting of creditors/Committee of Inspection to seek approval of same or approach the Court for approval."			

Turn over for Signing

(4) "That the disbursements potentially deriving a profit element for the Joint and Several Voluntary Administrators from the commencement to completion of the Voluntary Administration are to be calculated at the rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$500, exclusive of GST, and that the Joint and Several Voluntary Administrators may draw disbursements on a monthly basis or as required."			
(5) "That the remuneration of the Joint and Several Liquidators from commencement to completion of the Liquidation is determined at a sum equal to the cost of time spent by the Joint and Several Liquidators and their partners and staff, calculated at the hourly rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$25,000, exclusive of GST, and that the Joint and Several Liquidators may draw the remuneration on a monthly basis or as required. Any amount in excess of this maximum would require the Joint and Several Liquidators to call a further meeting of creditors/Committee of Inspection to seek approval of same or approach the Court for approval."			
(6) "That the disbursements potentially deriving a profit element for the Joint and Several Liquidators from the commencement to completion of the Liquidation are to be calculated at the rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$500, exclusive of GST, and that the Joint and Several Liquidators may draw disbursements on a monthly basis or as required."			
(7) "That subject to obtaining the approval of the Australian Securities and Investments Commission under Insolvency Practice Schedule (Corporations) 70-35(3), the books and records of the company and of the liquidation be disposed of by the liquidator 6 months after the dissolution of the company or earlier at the discretion of the Australian Securities and Investments Commission." (applicable only if Company is placed into Liquidation).			

The person so appointed as *my/*our *general/*special proxy is herewith authorised to accept nomination as a member of the Committee of Inspection, should he or she be so nominated or appointed.

INSTRUCTIONS FOR COMPLETING:

1. Insert name and address.
2. Insert name of person to be appointed as proxy. Where the proxy does not appoint a person the proxy will be deemed to be in favour of the Chairman.
3. To vote in favour of one of the first four options regarding the future of the Company tick (✓) the "for" box next to the desired option and tick (✓) the "against" box for all other options. In relation to remuneration, you may tick (✓) either "for" or "against" or "abstain".

DATED Signature

(If Company - Sign under Seal)

Proxies should be returned to the offices of BRI Ferrier Pty Ltd, PO Box 521, Collins Street West VIC 8007, prior to the meeting.

CERTIFICATE OF WITNESS (5) -(to be completed only where person giving proxy is blind or incapable of writing)

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

DATED thisday of 2023

Signature of Witness

Description

Place of Residence

Annexure "G"

Form 532

Regulation 5.6.29
Corporations Act 2001
APPOINTMENT OF PROXY

RICHSTONE VIC PTY LTD
(ADMINISTRATORS APPOINTED)
ACN 634 950 628 ("THE COMPANY")

*I/*We⁽¹⁾.....of.....
.....a creditor of the
Company, appoint(2)..... or in his or her absence
.....as *my/our general/special proxy to vote at the second meeting of creditors
of the Company to be held virtually on Wednesday, 21 June 2023 at 11.00AM AEST, or at any adjournment of
that meeting.⁽³⁾

To vote as follows: ⁽³⁾

	FOR	AGAINST	ABSTAIN
(1) (a) That the Meeting be adjourned for a period not exceeding forty-five (45) business days.			
(b) That the Company execute a Deed of Company Arrangement. (not available)			
(c) That the Administration should end.			
(d) That the Company be wound up.			
(2) "That the remuneration of the Joint and Several Voluntary Administrators from 3 March 2023 to 6 June 2023 is determined at a sum equal to the cost of time spent by the Joint and Several Voluntary Administrators and their partners and staff, calculated at the hourly rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be fixed at the amount of \$6,741, exclusive of GST, and that the Joint and Several Voluntary Administrators may draw the remuneration on a monthly basis or as required. Any amount in excess of this maximum would require the Joint and Several Administrators to call a further meeting of creditors/Committee of Inspection to seek approval of same or approach the Court for approval."			
(3) "That the remuneration of the Joint and Several Voluntary Administrators from 7 June 2023 to completion of the Voluntary Administration is determined at a sum equal to the cost of time spent by the Joint and Several Voluntary Administrators and their partners and staff, calculated at the hourly rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$10,000, exclusive of GST, and that the Joint and Several Voluntary Administrators may draw the remuneration on a monthly basis or as required. Any amount in excess of this maximum would require the Joint and Several Voluntary Administrators to call a further meeting of creditors/Committee of Inspection to seek approval of same or approach the Court for approval."			

Turn over for Signing

(4) "That the disbursements potentially deriving a profit element for the Joint and Several Voluntary Administrators from the commencement to completion of the Voluntary Administration are to be calculated at the rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$500, exclusive of GST, and that the Joint and Several Voluntary Administrators may draw disbursements on a monthly basis or as required."			
(5) "That the remuneration of the Joint and Several Liquidators from commencement to completion of the Liquidation is determined at a sum equal to the cost of time spent by the Joint and Several Liquidators and their partners and staff, calculated at the hourly rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$18,100, exclusive of GST, and that the Joint and Several Liquidators may draw the remuneration on a monthly basis or as required. Any amount in excess of this maximum would require the Joint and Several Liquidators to call a further meeting of creditors/Committee of Inspection to seek approval of same or approach the Court for approval."			
(6) "That the disbursements potentially deriving a profit element for the Joint and Several Liquidators from the commencement to completion of the Liquidation are to be calculated at the rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$500, exclusive of GST, and that the Joint and Several Liquidators may draw disbursements on a monthly basis or as required."			
(7) "That subject to obtaining the approval of the Australian Securities and Investments Commission under Insolvency Practice Schedule (Corporations) 70-35(3), the books and records of the company and of the liquidation be disposed of by the liquidator 6 months after the dissolution of the company or earlier at the discretion of the Australian Securities and Investments Commission." (applicable only if Company is placed into Liquidation).			

The person so appointed as *my/*our *general/*special proxy is herewith authorised to accept nomination as a member of the Committee of Inspection, should he or she be so nominated or appointed.

INSTRUCTIONS FOR COMPLETING:

1. Insert name and address.
2. Insert name of person to be appointed as proxy. Where the proxy does not appoint a person the proxy will be deemed to be in favour of the Chairman.
3. To vote in favour of one of the first four options regarding the future of the Company tick (✓) the "for" box next to the desired option and tick (✓) the "against" box for all other options. In relation to remuneration, you may tick (✓) either "for" or "against" or "abstain".

DATED Signature

(If Company - Sign under Seal)

Proxies should be returned to the offices of BRI Ferrier Pty Ltd, PO Box 521, Collins Street West VIC 8007, prior to the meeting.

CERTIFICATE OF WITNESS (5) -(to be completed only where person giving proxy is blind or incapable of writing)

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

DATED thisday of 2023

Signature of Witness

Description

Place of Residence

Annexure "G"

Form 532

Regulation 5.6.29
Corporations Act 2001
APPOINTMENT OF PROXY

RSG BUSINESS SERVICES PTY LTD
(ADMINISTRATORS APPOINTED)
ACN 634 410 138 ("THE COMPANY")

*I/*We⁽¹⁾.....of.....
.....a creditor of the
Company, appoint(2)..... or in his or her absence
.....as *my/our general/special proxy to vote at the second meeting of creditors
of the Company to be held virtually on Wednesday, 21 June 2023 at 11.00AM AEST, or at any adjournment of
that meeting.⁽³⁾

To vote as follows: ⁽³⁾

	FOR	AGAINST	ABSTAIN
(1) (a) That the Meeting be adjourned for a period not exceeding forty-five (45) business days.			
(b) That the Company execute a Deed of Company Arrangement. (not available)			
(c) That the Administration should end.			
(d) That the Company be wound up.			
(2) "That the remuneration of the Joint and Several Voluntary Administrators from 3 March 2023 to 6 June 2023 is determined at a sum equal to the cost of time spent by the Joint and Several Voluntary Administrators and their partners and staff, calculated at the hourly rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be fixed at the amount of \$24,826, exclusive of GST, and that the Joint and Several Voluntary Administrators may draw the remuneration on a monthly basis or as required. Any amount in excess of this maximum would require the Joint and Several Administrators to call a further meeting of creditors/Committee of Inspection to seek approval of same or approach the Court for approval."			
(3) "That the remuneration of the Joint and Several Voluntary Administrators from 7 June 2023 to completion of the Voluntary Administration is determined at a sum equal to the cost of time spent by the Joint and Several Voluntary Administrators and their partners and staff, calculated at the hourly rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$10,000, exclusive of GST, and that the Joint and Several Voluntary Administrators may draw the remuneration on a monthly basis or as required. Any amount in excess of this maximum would require the Joint and Several Voluntary Administrators to call a further meeting of creditors/Committee of Inspection to seek approval of same or approach the Court for approval."			

Turn over for Signing

(4) "That the disbursements potentially deriving a profit element for the Joint and Several Voluntary Administrators from the commencement to completion of the Voluntary Administration are to be calculated at the rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$500, exclusive of GST, and that the Joint and Several Voluntary Administrators may draw disbursements on a monthly basis or as required."			
(5) "That the remuneration of the Joint and Several Liquidators from commencement to completion of the Liquidation is determined at a sum equal to the cost of time spent by the Joint and Several Liquidators and their partners and staff, calculated at the hourly rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$25,000, exclusive of GST, and that the Joint and Several Liquidators may draw the remuneration on a monthly basis or as required. Any amount in excess of this maximum would require the Joint and Several Liquidators to call a further meeting of creditors/Committee of Inspection to seek approval of same or approach the Court for approval."			
(6) "That the disbursements potentially deriving a profit element for the Joint and Several Liquidators from the commencement to completion of the Liquidation are to be calculated at the rates as detailed in the Remuneration Request Approval Report dated 14 June 2023 such sum to be capped at the amount of \$500, exclusive of GST, and that the Joint and Several Liquidators may draw disbursements on a monthly basis or as required."			
(7) "That subject to obtaining the approval of the Australian Securities and Investments Commission under Insolvency Practice Schedule (Corporations) 70-35(3), the books and records of the company and of the liquidation be disposed of by the liquidator 6 months after the dissolution of the company or earlier at the discretion of the Australian Securities and Investments Commission." (applicable only if Company is placed into Liquidation).			

The person so appointed as *my/*our *general/*special proxy is herewith authorised to accept nomination as a member of the Committee of Inspection, should he or she be so nominated or appointed.

INSTRUCTIONS FOR COMPLETING:

1. Insert name and address.
2. Insert name of person to be appointed as proxy. Where the proxy does not appoint a person the proxy will be deemed to be in favour of the Chairman.
3. To vote in favour of one of the first four options regarding the future of the Company tick (✓) the "for" box next to the desired option and tick (✓) the "against" box for all other options. In relation to remuneration, you may tick (✓) either "for" or "against" or "abstain".

DATED Signature

(If Company - Sign under Seal)

Proxies should be returned to the offices of BRI Ferrier Pty Ltd, PO Box 521, Collins Street West VIC 8007, prior to the meeting.

CERTIFICATE OF WITNESS (5) -(to be completed only where person giving proxy is blind or incapable of writing)

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

DATED thisday of 2023

Signature of Witness

Description

Place of Residence

Annexure “H”
Summaries of Financial Statements

MPS - Financial Summaries

Financial Performance

Income Statement Summary				
	3-Mar-23	FY 2022	FY 2021	FY 2020
Total Income	2,139,263	3,201,236	5,018,547	131,503
Less: Cost of Sales	<u>1,675,393</u>	<u>5,665,071</u>	<u>6,903,564</u>	<u>4,785,572</u>
Gross Profit	463,870	(2,463,835)	(1,885,017)	(4,654,069)
Other Income				
Jobkeeper Income	-	-	300,450	-
Other Income	0	-	7,336	-
Expenses				
Operating Expenses	112,297	52,423	67,681	48,518
Employment Expenses	<u>1,109,397</u>	<u>1,432,672</u>	<u>1,673,153</u>	<u>1,690,360</u>
Total Expenses	1,221,693	1,485,095	1,740,834	1,738,878
NET PROFIT/(LOSS)	<u>(757,824)</u>	<u>(3,948,930)</u>	<u>(3,318,065)</u>	<u>(6,392,947)</u>

Financial Position

Balance Sheet Summary				
	03-Mar-23	30-Jun-22	30-Jun-21	30-Jun-20
ASSETS				
<u>Current Assets</u>				
Cash & Cash Equivalents	97	3,830	37,143	962
Trade Debtors and Work in Progress	2,942,205	3,021,289	163,140	37,596
Stock on Hand	3,136,030	3,136,030	-	-
Other Current Assets	<u>8</u>	<u>(80)</u>	<u>-</u>	<u>-</u>
Total Current Assets	6,078,340	6,161,069	200,282	38,558
<u>Non-Current Assets</u>				
Warehouse Equipment	1,232,889	1,236,000	5,211	5,211
Loans: Related Parties	<u>(14,979,545)</u>	<u>(15,203,090)</u>	<u>(9,292,344)</u>	<u>(5,089,483)</u>
Total Non-Current Assets	(13,746,656)	(13,967,090)	(9,287,133)	(5,084,272)
TOTAL ASSETS	<u>(7,668,316)</u>	<u>(7,806,021)</u>	<u>(9,086,851)</u>	<u>(5,045,714)</u>
LIABILITIES				
<u>Current Liabilities</u>				
Credit Cards	-	-	199	199
Statutory Liabilities	342	399,762	(682,517)	(480,188)
Payroll Liabilities	67,429	36,796	(976,943)	232,944
Trade Creditors	4,513,231	3,248,715	2,648,472	1,594,278
Other Current Liabilities	<u>-</u>	<u>-</u>	<u>(370,000)</u>	<u>-</u>
Total Current Liabilities	4,581,002	3,685,273	619,211	1,347,233
<u>Non-Current Liabilities</u>				
Loans: Related Parties	<u>(200)</u>	<u>-</u>	<u>4,950</u>	<u>-</u>
Total Non-Current Liabilities	(200)	-	4,950	-
TOTAL LIABILITIES	<u>4,580,802</u>	<u>3,685,273</u>	<u>624,161</u>	<u>1,347,233</u>
NET ASSETS	<u>(12,249,118)</u>	<u>(11,491,294)</u>	<u>(9,711,012)</u>	<u>(6,392,947)</u>

RP - Financial Summaries

Financial Performance

Income Statement Summary						
	3-Mar-23	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
Total Income	24,922,294	42,051,538	44,597,460	64,845,151	37,413,762	23,654,699
Less: Cost of Sales	<u>11,831,123</u>	<u>18,741,532</u>	<u>14,878,843</u>	<u>50,527,212</u>	<u>33,323,082</u>	<u>21,919,865</u>
Gross Profit	13,091,171	23,310,006	29,718,617	14,317,939	4,090,681	1,734,835
Other Income	-	-	-	0.00	0.00	-
Expenses						
Operating Expenses	41,318,725	2,934,747	2,306,966	2,983,839	2,286,152	1,401,159
Employment Expenses	<u>15,917,846</u>	<u>16,155,203</u>	<u>18,634,794</u>	<u>29,449,045</u>	<u>374,468</u>	<u>297,697</u>
Total Expenses	57,236,571	19,089,950	20,941,760	32,432,884	2,660,620	1,698,855
NET PROFIT/(LOSS)	<u>(44,145,401)</u>	<u>4,220,056</u>	<u>8,776,858</u>	<u>(18,114,946)</u>	<u>1,430,060</u>	<u>35,979</u>

Financial Position

Balance Sheet Summary	03-Mar-23	30-Jun-22	30-Jun-21	30-Jun-20	30-Jun-19
ASSETS					
Current Assets					
Cash & Cash Equivalents	(30,704,500)	(30,577,358)	(32,073,736)	(2,177,520)	(3,555,935)
Trade Debtors	2,680,258	16,558,524	11,030,840	50,078,859	10,156,946
Prepaid Expenses	107,349	107,349	107,349	107,349	107,349
Total Current Assets	(27,916,893)	(13,911,486)	(20,935,547)	48,008,688	6,708,359
Non-Current Assets					
Rententions	346,911	346,911	346,911	346,911	346,911
Deposits Paid	3,008	3,008	3,008	3,008	3,008
Office Equipment	85,009	85,009	85,009	85,009	79,309
Motor Vehicles	194,569	194,569	176,675	176,675	178,039
Tools & Equipment	230,016	230,016	230,016	221,387	215,942
Leasehold Improvements	41,355	41,355	41,355	41,355	41,355
Accumulated Depreciation - All	(362,276)	(362,276)	(362,276)	(362,276)	(362,276)
Borrowing Costs	408,333	408,333	-	-	-
Work in Progress	2,502,250	2,502,250	2,502,250	2,502,250	2,502,250
Materials on Hand	5,176	5,176	5,176	5,176	176
Total Non-Current Assets	3,454,351	3,454,351	3,028,124	3,019,495	3,004,714
TOTAL ASSETS	(24,462,542)	(10,457,135)	(17,907,423)	51,028,183	9,713,073
LIABILITIES					
Current Liabilities					
Credit Cards	(87,629)	(45,549)	(28,707)	(29,097)	(3,123)
Trade Creditors	20,970,208	16,655,724	11,405,002	38,259,803	4,689,864
Timelio	30,036,773	3,634,198	(1,560,138)	38,724,985	5,295,488
Statutory Liabilities	2,407,349	2,102,515	561,632	272,718	(445,644)
Payroll Liabilities	(4,514,791)	(4,758,194)	(4,669,376)	(1,702,797)	(1,019,024)
Salary Sacrifice	(180,424)	(144,581)	(68,166)	(35,803)	-
Other Current Liabilities	(537,551)	(537,551)	(536,757)	(536,757)	(536,525)
Total Current Liabilities	48,093,934	16,906,563	5,103,491	74,953,052	7,981,036
Non-Current Liabilities					
Unexpired Interest Charge	(4)	(4)	(4)	(4)	-
Loan: Related Parties	(22,053,495)	(21,903,827)	(16,133,792)	(8,270,889)	(728,929)
Loan: Hargraves Solicitors	278,000	278,000	278,000	278,000	278,000
Loan: CBA	(461,667)	430,000	-	-	-
Total Non-Current Liabilities	(22,237,166)	(21,195,831)	(15,855,796)	(7,992,893)	(450,929)
TOTAL LIABILITIES	25,856,768	(4,289,268)	(10,752,305)	66,960,159	7,530,108
NET ASSETS	(50,319,311)	(6,167,867)	(7,155,118)	(15,931,976)	2,182,966

RP VIC - Financial Summaries

Financial Performance

Income Statement Summary						
	3-Mar-23	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
Total Income	192,001	335,933	1,817,824	799,003	378,308	379,978
Less: Cost of Sales	-	-	-	10,000	-	236
Gross Profit	192,001	335,933	1,817,824	789,003	378,308	379,741
Other Income						
Interest Received	0	-	-	-	-	-
Income Received in Advance	800,000	-	-	-	-	-
Expenses						
Operating Expenses	82,250	52,418	1,793,451	553,241	116,851	79,622
Employment Expenses	-	-	-	35,000	-	514
Total Expenses	82,250	52,418	1,793,451	588,241	116,851	80,136
NET PROFIT/(LOSS)	<u>909,751</u>	<u>283,515</u>	<u>24,373</u>	<u>200,762</u>	<u>261,457</u>	<u>299,605</u>

Financial Position

Balance Sheet Summary	03-Mar-23	30-Jun-22	30-Jun-21	30-Jun-20	30-Jun-19	30-Jun-18
ASSETS						
Current Assets						
Cash & Cash Equivalents	294,709	326,532	304,848	17,409	32,240	4,303
Trade Debtors	-	626	-	1,539	22,000	-
Prepaid Expenses	-	-	-	17,477	17,477	17,477
Deposits on Land	254,419	254,419	-	-	-	-
Total Current Assets	549,128	581,577	304,848	36,425	71,717	21,779
Non-Current Assets						
Buildings and Improvements	-	-	-	19,734	17,060	13,602
Tools and Equipment	24,718	24,718	143,538	168,884	168,884	168,884
Motor Vehicles	316,424	316,424	1,088,734	695,854	695,854	621,271
Plant and Equipment	281,117	281,117	660,762	674,765	674,765	315,002
Borrowing Costs	-	-	-	1,054	1,054	1,054
Advances	136,828	137,105	51,618	271,260	143,760	13,760
Total Non-Current Assets	759,087	759,365	1,944,652	1,831,550	1,701,376	1,133,572
TOTAL ASSETS	1,308,216	1,340,942	2,249,500	1,867,974	1,773,093	1,155,351
LIABILITIES						
Current Liabilities						
Trade Creditors	11,873	7,991	5,067	4,981	5,580	4,294
Statutory Liabilities	5,318	13,016	5,196	54,594	28,602	55,439
Payroll Liabilities	-	-	-	(38,034)	(38,034)	(38,034)
Total Current Liabilities	17,192	21,007	10,263	21,541	(3,852)	21,699
Non-Current Liabilities						
Credit Cards	(3,835)	(3,835)	165	10,165	-	-
Loans: Related Parties	(177,568)	683,336	443,885	(324,394)	(309,394)	(309,394)
Chattel Mortgages	276,270	354,029	369,858	549,716	676,155	294,320
Loan: Steven Newman Testamentary Trust	360,345	360,345	360,345	-	-	-
Total Non-Current Liabilities	455,213	1,393,875	1,174,253	235,487	366,761	(15,074)
TOTAL LIABILITIES	472,405	1,414,882	1,184,516	257,028	362,910	6,625
NET ASSETS	835,811	(73,940)	1,064,984	1,610,946	1,410,183	1,148,726

RSG - Financial Summaries

Financial Performance

Income Statement Summary				
	3-Mar-23	FY 2022	FY 2021	FY 2020
Total Income	809,166	1,450,150	-	-
Less: Cost of Sales	<u>141,845</u>	<u>7,224</u>	-	-
Gross Profit	667,321	1,442,926	-	-
Other Income				
Jobkeeper Income	-	-	51,000	-
Other Income	-	-	1,424,763	100
Expenses				
Operating Expenses	620,819	953,332	1,978,020	231,217
Employment Expenses	<u>893,225</u>	<u>1,284,072</u>	<u>1,845,096</u>	<u>1,870,979</u>
Total Expenses	1,514,045	2,237,404	3,823,115	2,102,196
NET PROFIT/(LOSS)	<u>(846,723)</u>	<u>(794,477)</u>	<u>(2,347,352)</u>	<u>(2,102,096)</u>

Financial Position

Balance Sheet Summary				
	03-Mar-23	30-Jun-22	30-Jun-21	30-Jun-20
ASSETS				
<u>Current Assets</u>				
Cash & Cash Equivalents	16	1,990	1,871	99
Clearing Account	-	-	(731)	-
Trade Debtors	<u>1,743,512</u>	<u>853,430</u>	-	-
Total Current Assets	1,743,529	855,420	1,140	99
<u>Non-Current Assets</u>				
Loans: Related Parties	721,546	2,048,558	2,224,570	(1,693,464)
Loan: Other	<u>20,000</u>	<u>20,000</u>	-	-
Total Non-Current Assets	741,546	2,068,558	2,224,570	(1,693,464)
TOTAL ASSETS	<u>2,485,075</u>	<u>2,923,977</u>	<u>2,225,709</u>	<u>(1,693,366)</u>
<u>LIABILITIES</u>				
<u>Current Liabilities</u>				
Statutory Liabilities	29,150	41,126	768,463	(2,784)
Payroll Liabilities	128,867	75,975	(69,035)	379,291
Trade Creditors	1,529,747	1,119,507	763,531	14,508
Salary Sacrifice	-	-	18,662	17,715
Other Current Liabilities	<u>(43,335)</u>	-	-	-
Total Current Liabilities	1,644,429	1,236,608	1,481,622	408,730
<u>Non-Current Liabilities</u>				
Total Non-Current Liabilities	-	-	-	-
TOTAL LIABILITIES	<u>1,644,429</u>	<u>1,236,608</u>	<u>1,481,622</u>	<u>408,730</u>
NET ASSETS	<u>840,646</u>	<u>1,687,369</u>	<u>744,087</u>	<u>(2,102,096)</u>