

11 January 2019

BRI Ferrier

TO THE CREDITOR AS ADDRESSED

**BAROKES PTY. LTD.
(IN LIQUIDATION)
ACN 079 714 579
("COMPANY")**

David Coyne and I were appointed Joint and Several Liquidators of the Company on 19 December 2018 pursuant to an Order of the Supreme Court of Victoria.

The Company is now in liquidation and according to the Company's records you may be a creditor of the Company.

We have included the following initial notices and documents in connection with our appointment for your information.

Item #	Item	Description	Further Action Required by you
1	Report to Creditors	The purpose of this report is to detail the findings of our initial investigations and outline the expected matters requiring attention in the Liquidation.	No
2	Notice of meeting	The meeting is to be held on 29 January 2019 at the offices of BRI Ferrier, Level 10, 45 William Street, Melbourne VIC 3000.	No
3	Creditors Electronic Communication Method Approval form	As a creditor, you have a right to receive all communications from the Joint and Several Liquidators via electronic medium. It is recommended that creditors opt into this notification method. Complete the form and email to jmay@brifvic.com.au.	Yes
4	A Declaration of Independence, Relevant Relationships and Indemnities (DIRRI)	The DIRRI assists you to understand any relevant relationships that we have, and any indemnities or upfront payments that have been provided to us. None of the relationships mentioned in this document affect our independence.	No
5	Information Sheet – Creditor Rights in Liquidation	As a creditor, you have certain rights, although you no longer have the right to seek payment by the Company of your outstanding debt. This information sheet provides a detailed list of your rights.	No
6	Form of Proxy	This document must be returned to us by 28 January 2019 via email jmay@brifvic.com.au for you attend the meeting in person or by proxy.	Yes
7	Proof of Debt ("POD") form	You must also provide information about what the company owes you and evidence to support your claim. Please complete and return POD form via email jmay@brifvic.com.au with your supporting documents.	Yes Include supporting documentation

Koutsoukos | Coyne | Silvia | Krejci | Cummins | Karam | Ferrier (Consultant) | Green (Consultant)

BRI Ferrier Chartered Accountants ABN 97 128 947 848

Trading as BRI Ferrier ABN 59 212 882 443

Level 10, 45 William Street, Melbourne VIC 3000 PO BOX 521 Collins Street West VIC 8007

T 03 9622 1800 F 03 9622 1880 info@brifvic.com.au www.briferrier.com.au

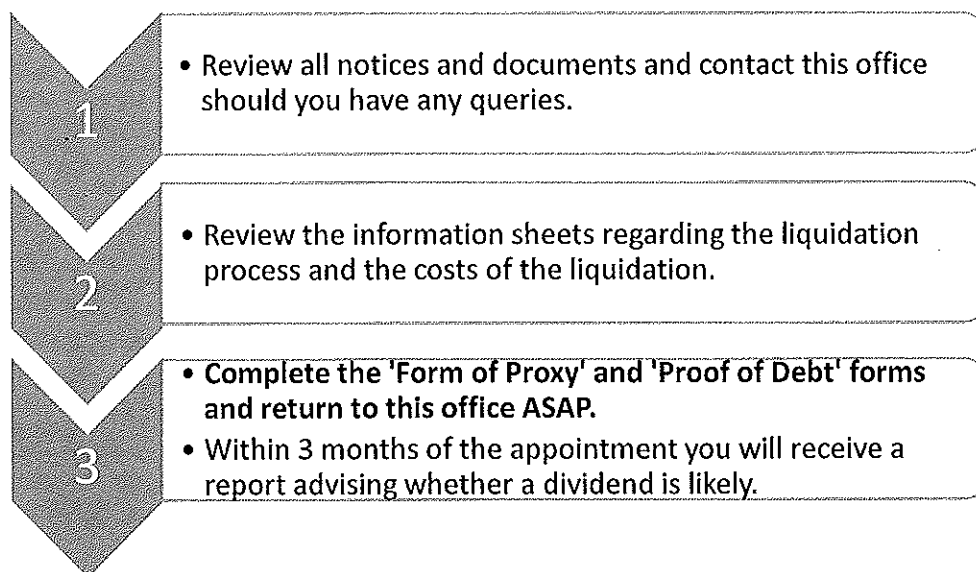
BRI Ferrier...throughout Australia and New Zealand

BRI Ferrier is an association of independent accounting firms. Each of the member firms is a separate and independent legal entity operating under the name "BRI Ferrier" or related names.

Liability limited by
a scheme approved
under Professional
Standards Legislation

8	Remuneration Request Approval Report	<p>This document details our retrospective and prospective time costs with respect to the administration of the Liquidation.</p> <p>We may send further notices from time to time to seek approval of our remuneration for the work that we do in completing the tasks.</p>	No
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What happens next?



Should you have any questions in relation to this matter, please contact Joshua May via phone (03) 9622 1800 or via email jmay@brifvic.com.au of this office.

DATED this 11th day of January 2019.

JAMES KOUTSOUKOS
JOINT AND SEVERAL LIQUIDATOR
Encl

**BAROKES PTY. LTD.
(IN LIQUIDATION)
ACN 079 714 579
("COMPANY")**

LIQUIDATORS' FIRST REPORT TO CREDITORS

A. SUMMARY OF RECEIPTS AND PAYMENTS FOR THE PERIOD 19 DEC 2018 TO 10 JAN 2019

RECEIPTS	\$
Cash at Bank	206,000.00
Bank Interest	3.67
Total	206,003.67
 PAYMENTS	
Rent (Commercial)	10,197.30
Hire of Equipment	220.97
Bank Charges	5.40
Total	10,423.67
 Balances in Hand	 195,580.00

B. LIQUIDATORS' ACTS AND DEALINGS TO DATE

Appointment

David Coyne and I were appointed Joint and Several Liquidators of the Company on 19 December 2018 pursuant to an Order of the Supreme Court of Victoria.

The Company was wound up on just and equitable grounds following various legal proceedings relating to a dispute between the shareholders.

Business of the Company

The Company's business involves the development of the patented "Vinsafe" wine packaging system which enables premium quality wine to be canned with stability and longevity.

The Company both licences its "wine in a can" technology to industry participants as well as sells its own lines directly to domestic and international markets.

We have commenced an urgent assessment of the financial position of the Company and confirm that we are continuing to trade the Company's business with a view to undertake a sale campaign of the business and assets. Our preliminary view is that a sale of the business and assets is likely to

achieve a better outcome for all stakeholders compared to an immediate shutdown of the business.

We have liaised with key stakeholders including the directors and their solicitors, employees, suppliers and the landlord with respect to continuation of trade.

We request that creditors close their pre-appointment trading account with the Company and open a trading account for the Liquidation styled "Barokes Pty Ltd (In Liquidation)" effective 19 December 2018.

Please note that we will not accept liability for payment for any goods or services supplied without our authority. If there are any outstanding or uncompleted orders placed by the Company prior to our appointment, please contact Joshua May at jmay@brifvic.com.au of this office to obtain written instructions concerning the order.

Unless otherwise indicated, we do not automatically accept adoption of current contracts existing as at the date of our appointment. We will advise relevant parties as to the status of any ongoing contracts as soon as possible. Creditors with such contracts should contact Joshua May of this office and provide relevant documentation.

Current Financial Position

The directors have provided their completed Reports on Company Activities and Property ("ROCAP"). We have reviewed and lodged same with the Court and the Australian Securities and Investments Commission ("ASIC").

We have engaged the Company's bookkeeper to bring the Company's internal accounting records up to date as at the date of our appointment.

The Company is currently party to various proceedings in Australian and International jurisdictions (namely, Japan and China) with respect to its registered Intellectual Property ("IP") patents. We have sought legal advice regarding the legal proceedings, licencing agreements and IP on how to proceed.

We have engaged a valuer to conduct a valuation of the Company's stock, plant & equipment.

We are working with the directors to collate the Company's books and records and relevant information pertaining to the Company's IP assets.

We expect to be in a position to provide a detailed financial position at the upcoming meeting of creditors convened for 29 January 2019.

C. MEETING OF CREDITORS

A meeting of creditors will be held:

Date: Tuesday, 29 January 2019
Time: 11:00AM
Location: BRI Ferrier
Level 10, 45 William Street
Melbourne VIC 3000

The Notice of Meeting is attached to this Report. Teleconference facilities will available at the meeting. Please refer to the Notice of Meeting for further details.

At the upcoming meeting, we will be seeking creditors approval on various matters.

In particular, as we are continuing to trade the Company's business, we request creditors to authorise us to compromise any debts due to the Company and for us to enter into agreements on behalf of the Company pursuant to Section 477 of the Corporations Act 2001 ("the Act") to assist with same.

Examples of Agreements we envisage we may be required to enter into include:

- ▲ Engagement with solicitors;
- ▲ Engagement with consultants;
- ▲ Engagement with suppliers; and
- ▲ Engagement with landlord.

We advise that without this authorisation, agreements between the Company and other parties, such as suppliers and employees, will be limited to less than three (3) months.

D. ACTS AND DEALINGS TO BE CARRIED OUT

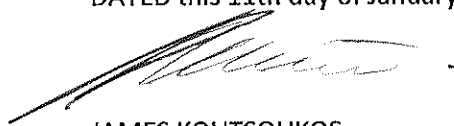
The following matters remain to be undertaken before completion of the winding up of the Company:

- ▲ Trading the business and undertaking a sale campaign;
- ▲ Assessing and attending to ongoing litigation with respect to the Company's IP;
- ▲ Conducting statutory investigations and reporting findings to ASIC; and
- ▲ Pursuing any Liquidator claims and recoveries.

We anticipate that the Liquidation will be finalised by 30 December 2020.

Should you require any further information concerning the contents of this report or the Liquidation in general, please contact Joshua May of this office on 03 9622 1800.

DATED this 11th day of January 2019.



JAMES KOUTSOUKOS

Joint and Several Liquidator

CORPORATIONS ACT 2001

Insolvency Practice Rules (Corporations) 2016
75-15

NOTICE OF MEETING OF CREDITORS

BAROKES PTY. LTD.
(IN LIQUIDATION)
ACN 079 714 579
("the Company")

NOTICE is hereby given that a first meeting of the creditors of the Company will be held at the offices of BRI Ferrier, Level 10, 45 William Street, Melbourne VIC 3000 on Tuesday, 29 January 2019 at 11.00AM.

The purpose of this meeting is:

1. To consider the Company's Report on Company Activities and Property ("ROCAP").
2. To consider the appointment of a Committee of Inspection if appropriate.
3. To fix the remuneration of the Joint and Several Liquidators for the period 19 December 2018 to 9 January 2019 as set out in the Remuneration Request Approval Report dated 11 January 2019.
4. To fix the remuneration of the Joint and Several Liquidators for the period 10 January 2019 to 29 January 2019 as set out in the Remuneration Request Approval Report dated 11 January 2019.
5. To fix the remuneration of the Joint and Several Liquidators for the period 30 January 2019 to completion as set out in the Remuneration Request Approval Report dated 11 January 2019.
6. To fix the disbursements potentially deriving a profit element for the period 19 December 2018 to completion as set out in the Remuneration Request Approval Report dated 11 January 2019.
7. To consider whether, pursuant to Section 477(2A) of the Corporations Act 2001, creditors authorise the Liquidators to compromise any debts due to the Company.
8. To consider whether, pursuant to Section 477(2B) of the Corporations Act 2001, creditors authorise the Liquidators to enter into agreements on behalf of the Company.
9. To consider the early destruction of Company books and records.
10. To consider any other business that may be lawfully brought forward.

Telephone conference facilities will be available at the meeting. Please contact Joshua May on 03 9622 1800 for details.

Attendance at this meeting is not compulsory. Creditors may attend and vote in person, by proxy or by attorney. The appointment of a proxy must be made in accordance with the Appointment of Proxy Form.

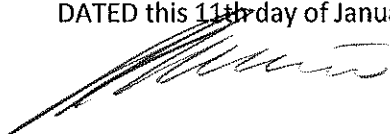
Proxies to be used at the meeting should be given to me as Joint and Several Liquidators or to the person named as convening the meeting. A creditor can only be represented by proxy or by an attorney pursuant to Insolvency Practice Rules (Corporations) ("IPR") section 75-150 & 75-155 and if a body corporate by a representative appointed pursuant to Section 250D.

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 section 75-85 and that claim has been admitted for voting purposes wholly or in part by the Joint and Several Liquidators.

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 Insolvency Practice Rule 75-75, 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 11th day of January 2019.



JAMES KOUTSOUKOS
JOINT AND SEVERAL LIQUIDATOR

BRI FERRIER
Level 10, 45 William Street
Melbourne VIC 3000

**BAROKES PTY. LTD.
(IN LIQUIDATION)
ACN 079 714 579
("COMPANY")**

**Corporations Act 2001 Section 600G
Insolvency Practice Rules (Corporations) – 75-10**

**CREDITOR'S APPROVAL TO THE USE OF EMAIL BY THE EXTERNAL ADMINISTRATOR WHEN GIVING OR SENDING
CERTAIN NOTICES UNDER SECTION 600G
OF THE CORPORATIONS ACT 2001**

Should you wish to receive notices and documents relating to the administration of Barokes Pty Ltd by email, please complete this form and return it to Joshua May at the address set out below.

☐

I/We authorise the External Administrator on behalf of the Company and his or her employees and agents to send and give notices and documents where such notices and documents may be sent by email to us using the email address provided below.

Signature:	
Creditor name:	
Creditor address:	
Contact name:	
Position:	
Email Address:	
Contact number:	

Return to: BRI FERRIER
Via Email: info@brifvic.com.au
Via Post: PO Box 521, Collins Street West VIC 8007

Declaration of Independence, Relevant Relationships and Indemnities

BAROKES PTY LTD

(IN LIQUIDATION)

ACN 079 714 579

19 December 2018

David Coyne & James Koutsoukos
Joint and Several Liquidators

BRI Ferrier ABN 97 128 947 848
Level 10, 45 William Street, Melbourne VIC 3000
PO Box 521, Collins Street West VIC 8007
Phone (03) 9622 1800
Facsimile (03) 9622 1880
Email: info@brifvic.com.au
Website: www.briferrier.com.au



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

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

This declaration is made in respect of ourselves, our partners, BRI FERRIER and affiliated offices.

A. INDEPENDENCE

We, David Coyne and James Koutsoukos, of BRI FERRIER have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as Joint and Several Liquidators of Barokes Pty Ltd in accordance with the law and applicable professional standards. This assessment identified no real or potential risks to our independence. We are not aware of any reasons that would prevent us from accepting this appointment.

B. DECLARATION OF RELATIONSHIPS

I. CIRCUMSTANCES OF APPOINTMENT

This appointment was referred to us by Yeldham Price O'Brien Lusk who acted for the plaintiffs in the winding up proceedings, Daiwa Can Company. Yeldham Price O'Brien Lusk has not referred any other matters to us previously.

We provided our consent to act to Yeldham Price O'Brien Lusk on 3 September 2018.

We did not undertake any meetings regarding Barokes Pty Ltd prior to our appointment on 19 December 2018.

II. RELEVANT RELATIONSHIPS (EXCLUDING PROFESSIONAL SERVICES TO THE INSOLVENT)

Neither we, nor our firm, have, or have had within the preceding 24 months, any relationships with Barokes Pty Ltd, an associate of the Barokes Pty Ltd, a former insolvency practitioner appointed to Barokes Pty Ltd or any person or entity that has security over on the whole or substantially whole of the Barokes Pty Ltd's property (including any PPSA retention of title property).

III. PRIOR PROFESSIONAL SERVICES TO THE INSOLVENT

Neither we, nor our firm, have provided any professional services to Barokes Pty Ltd in the previous 24 months, other than those outlined herein.

IV. NO OTHER RELEVANT RELATIONSHIPS TO DISCLOSE

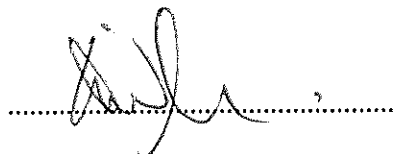
There are no other known relevant relationships, including personal, business and professional relationships, from the previous 24 months with Barokes Pty Ltd, an associate of Barokes Pty Ltd, a former insolvency practitioner appointed to Barokes Pty Ltd or any person or entity that has a valid and enforceable security interest on the whole or substantially whole of company's property that should be disclosed.

We also note that Principals of BRI Ferrier routinely accept nominations and appointments as insolvency practitioners by the major trading banks and creditors such as the Australian Taxation Office. The nature of these relationships varies over time depending on the nature of the engagements. Such relationships do not impede our independence or give rise to a conflict of duties because we accept such engagements only on the basis that our independence will be maintained and the relationships are maintained on professional and commercial terms. We have not had any dealings with any secured creditors or the Australian Taxation Office in relation to Barokes Pty Ltd.

C. INDEMNITIES AND UP-FRONT PAYMENTS

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

Dated: 19 December 2018



DAVID COYNE

JOINT AND SEVERAL LIQUIDATOR



JAMES KOUTSOUKOS

JOINT AND SEVERAL LIQUIDATOR

Note:

1. If circumstances change, or new information is identified, I am/we are required under the Corporations Act 2001 and the ARITA Code of Professional Practice to update this Declaration and provide a copy to creditors with our next communication as well as table a copy of any replacement declaration at the next meeting of the insolvent's creditors.

2. Pursuant to Section 506A(5) of the Corporations Act 2001 I am required to make a replacement declaration of relevant relationships if:-

(a) The declaration becomes out-of-date; or

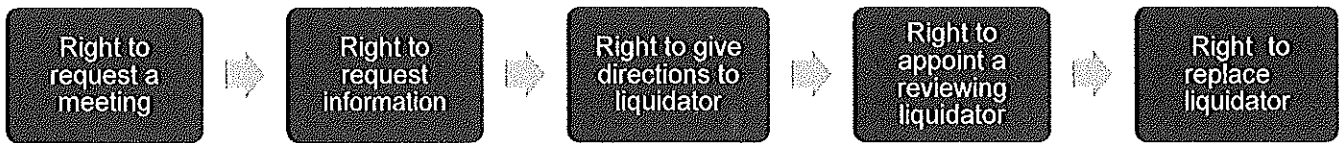
(b) The Liquidator becomes aware of an error in the declaration.

I am also required to table a copy of any replacement declaration at the next meeting of the company's creditors.

3. Any relationships, indemnities or up-front payments disclosed in the DIRRI must not be such that the Practitioner is no longer independent. The purpose of components B and C of the DIRRI is to disclose relationships that, while they do not result in the Practitioner having a conflict of interest or duty, ensure that creditors are aware of those relationships and understand why the Practitioner nevertheless remains independent.

Creditor Rights in Liquidations

As a creditor, you have rights to request meetings and information or take certain actions:



Right to request a meeting

In liquidations, no meetings of creditors are held automatically. However, creditors with claims of a certain value can request in writing that the liquidator hold a meeting of creditors.

A meeting may be requested in the first 20 business days in a creditors' voluntary liquidation by $\geq 5\%$ of the value of the debts held by known creditors who are not a related entity of the company.

Otherwise, meetings can be requested at any other time or in a court liquidation by:

- $> 10\%$ but $< 25\%$ of the known value of creditors on the condition that those creditors provide security for the cost of holding the meeting
- $\geq 25\%$ of the known value of creditors
- creditors by resolution, or
- a Committee of Inspection (this is a smaller group of creditors elected by, and to represent, all the creditors).

If a request complies with these requirements and is 'reasonable', the liquidator must hold a meeting of creditors as soon as reasonably practicable.

Right to request information

Liquidators will communicate important information with creditors as required in a liquidation. In addition to the initial notice, you should receive, at a minimum, a report within the first three months on the likelihood of a dividend being paid.

Additionally, creditors have the right to request information at any time. A liquidator must provide a creditor with the requested information if their request is 'reasonable', the information is relevant to the liquidation, and the provision of the information would not cause the liquidator to breach their duties.

A liquidator must provide this information to a creditor within 5 business days of receiving the request, unless a longer period is agreed. If, due to the nature of the information requested, the liquidator requires more time to comply with the request, they can extend the period by notifying the creditor in writing.

Requests must be reasonable.

They are not reasonable if:

Both meetings and information:

- (a) complying with the request would prejudice the interests of one or more creditors or a third party
- (b) there is not sufficient available property to comply with the request
- (c) the request is vexatious

Meeting requests only:

- (d) a meeting of creditors dealing with the same matters has been held, or will be held within 15 business days

Information requests only:

- (e) the information requested would be privileged from production in legal proceedings
- (f) disclosure would found an action for breach of confidence
- (g) the information has already been provided
- (h) the information is required to be provided under law within 20 business days of the request

If a request is not reasonable due to (b), (d), (g) or (h) above, the liquidator must comply with the request if the creditor meets the cost of complying with the request.

Otherwise, a liquidator must inform a creditor if their meeting or information request is not reasonable and the reason why.

Right to give directions to liquidator

Creditors, by resolution, may give a liquidator directions in relation to a liquidation. A liquidator must have regard to these directions, but is not required to comply with the directions.

If a liquidator chooses not to comply with a direction given by a resolution of the creditors, they must document their reasons.

An individual creditor cannot provide a direction to a liquidator.

Right to appoint a reviewing liquidator

Creditors, by resolution, may appoint a reviewing liquidator to review a liquidator's remuneration or a cost or expense incurred in a liquidation. The review is limited to:

- remuneration approved within the six months prior to the appointment of the reviewing liquidator, and
- expenses incurred in the 12 months prior to the appointment of the reviewing liquidator.

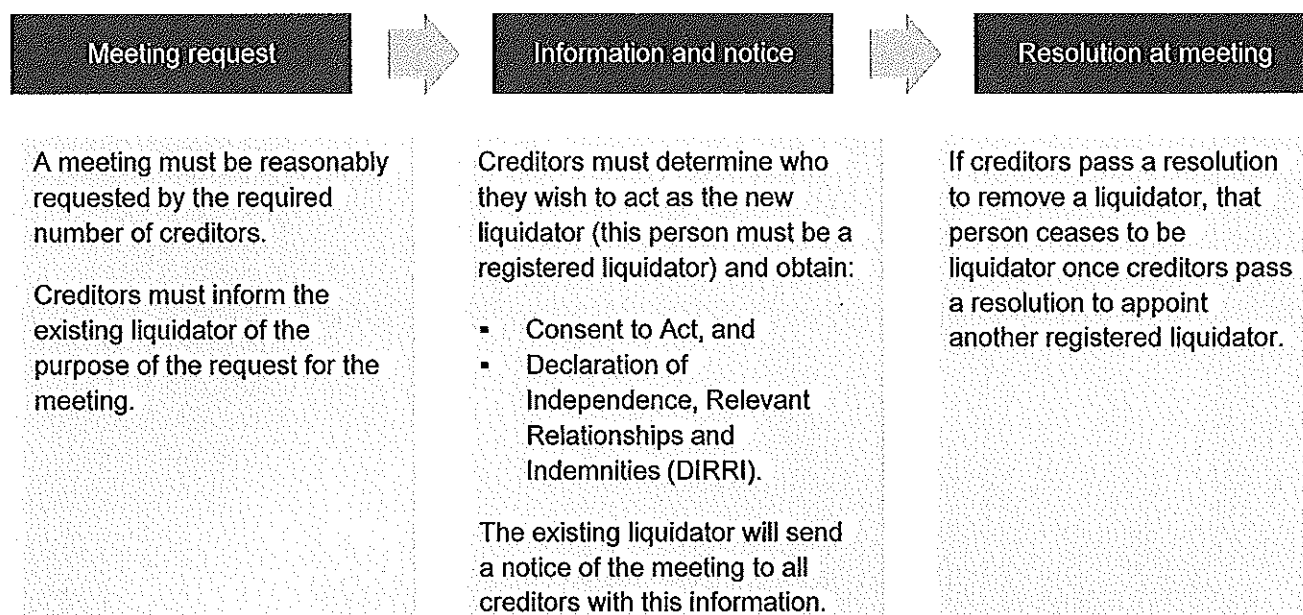
The cost of the reviewing liquidator is paid from the assets of the liquidation, in priority to creditor claims.

An individual creditor can appoint a reviewing liquidator with the liquidator's consent, however the cost of this reviewing liquidator must be met personally by the creditor making the appointment.

Right to replace liquidator

Creditors, by resolution, have the right to remove a liquidator and appoint another registered liquidator. For

this to happen, there are certain requirements that must be complied with:



For more information, go to www.arita.com.au/creditors
ASIC Insolvency resources got to

APPOINTMENT OF PROXY
CREDITORS MEETING

BAROKES PTY. LTD.
(IN LIQUIDATION)
ACN 079 714 579 ("the Company")

*/We ⁽¹⁾	
Of	
being a creditor of the Company, appoint ⁽²⁾ or in his or her absence	
to vote for me/us on my/our behalf at the meeting of creditors to be held on Tuesday, 29 January 2019, or at any adjournment of that meeting.	

Please mark any boxes with an ☒ X

Proxy Type: ☐ General ☐ Special

	For	Against	Abstain
Resolution 1 "That the remuneration of the Joint and Several Liquidators from 19 December 2018 to 9 January 2019 of the Liquidation is determined at a sum equal to the cost of time spent by the Joint and Several Liquidators and the Joint and Several Liquidators' partners and staff, calculated at the hourly rates as detailed in the Remuneration Request Approval Report dated 11 January 2019 such sum to be fixed at the amount of \$31,446.50, 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."	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 "That the remuneration of the Joint and Several Liquidators from 10 January 2019 to 29 January 2019 of the Liquidation is determined at a sum equal to the cost of time spent by the Joint and Several Liquidators and the Joint and Several Liquidators' partners and staff, calculated at the hourly rates as detailed in the Remuneration Request Approval Report dated 11 January 2019 such sum to be capped at the amount of \$20,700, 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."	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution 3 "That the remuneration of the Joint and Several Liquidators from 30 January 2019 to completion of the Liquidation is determined at a sum equal to the cost of time spent by the Joint and Several Liquidators and the Joint and Several Liquidators' partners and staff, calculated at the hourly rates as detailed in the Remuneration Request Approval Report dated 11 January 2019 such sum to be capped at the amount of \$199,400, 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."	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 "That the disbursements potentially deriving a profit element of the Joint and Several Liquidators from 19 December 2018 to completion of the Liquidation are to be calculated at the rates as detailed in the Remuneration Request Approval Report dated 11 January 2019 such sum to be capped at the amount of \$3,700, exclusive of GST, and that the Joint and Several Liquidators may draw disbursements on a monthly basis or as required."	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 "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."	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 "That the Liquidators be authorised to compromise any debts due to the Company in accordance with Section 477 (2A) of the Corporations Act 2001."	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 "That the Liquidators be authorised to enter into agreements in accordance with Section 477 (2B) of the Corporations Act 2001."	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

DATED this _____ day of _____ 2019.

Signature

CERTIFICATE OF WITNESS

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

I, of
certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person appointing the proxy and read to him or her before he or she signed or marked the instrument.

Dated:

Signature of Witness:

Description:

Place of Residence:

* Strike out if inapplicable

(1) If a firm, strike out "I" and set out the full name of the firm.

(2) Insert the name, address and description of the person appointed

FORM 535
CORPORATIONS ACT 2001

Subregulation 5.6.49(2)

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

ACN 079 714 579

To the Joint and Several Liquidators of BAROKES PTY. LTD. (In Liquidation) ACN 079 714 579 ("Company")

1. This is to state that the company was, 19 December 2018 ⁽¹⁾ and still is, justly and truly indebted to⁽²⁾
.....
.....for
.....dollars and.....cents.

Particulars of the debt are:

Date	Consideration ⁽³⁾	Amount \$	GST included \$	Remarks ⁽⁴⁾

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:⁽⁵⁾
- 3.^{(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.
- 3.^{(6)*} I am the creditor's agent authorised in writing 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 2019

Signature of Signatory

NAME IN BLOCK LETTERS

Occupation.....

Address

See Directions overleaf for the completion of this form

OFFICE USE ONLY

POD No:		ADMIT - Ordinary	\$
Date Received:	/ /	ADMIT - Preferential	\$
Entered into IPS/Computer:		Reject	\$
Amount per RATA	\$	H/Over for Consideration	\$
PREP BY/AUTHORISED		TOTAL PROOF	\$
DATE AUTHORISED / /			

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) 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	Date Due
	\$	¢		

- (6) If proof is made by the creditor personally, strike the two (2) paragraphs numbered 3.

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:
- "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.

Remuneration Request Approval Report

BAROKES PTY. LTD.

(IN LIQUIDATION)

ACN 079 714 579

11 January 2019

James Koutsoukos and David Coyne
Joint and Several Liquidators

BRI Ferrier ABN 97 128 947 848
Level 10, 45 William Street, Melbourne VIC 3000
PO Box 521, Collins Street West VIC 8007
Phone (03) 9622 1800
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1 DECLARATION

James Koutsoukos and David Coyne of BRI FERRIER have undertaken a proper assessment of this remuneration claim for our appointment as Joint and Several Liquidators of BAROKES 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, or to be properly performed, in the conduct of the Liquidation.

2 EXECUTIVE SUMMARY

To date, no remuneration has been approved or paid in this Liquidation. This remuneration report details approval sought for the following fees:

Period	Report Reference	Amount (\$, ex GST)
Past remuneration approved:		
<i>Total past remuneration approved</i>		\$Nil
Current remuneration approval sought:		
Resolution #1: 19 December 2018 to 9 January 2019	3.1 & 5	\$31,446.50
Resolution #2: 10 January 2019 to 29 January 2019	4.1 & 5	\$20,700.00
Resolution #3: 30 January 2019 to Completion	4.2 & 5	\$199,400.00
Total		\$251,546.50

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

We estimate that this administration will cost approximately \$250,000 to complete, subject to the following variables which may have a significant effect on this estimate:

- ▲ Trading on of the Company's business;
- ▲ Litigation on foot; and
- ▲ Sale of the Company's business.

3 DESCRIPTION OF WORK COMPLETED / TO BE COMPLETED

Resolution #1

Company	BAROKES PTY. LTD. (IN LIQUIDATION)	Period From	19/12/18	To	9/1/19
Practitioner	James Koutsoukos David Coyne		Firm	BRI FERRIER	
Administration Type	Court Liquidation				

3.1 REMUNERATION FOR THE PERIOD 19 DECEMBER 2018 TO 9 JANUARY 2019

Task Area	General Description	Includes
Assets 6.5 hours \$3,737.50	Sale of Business as a Going Concern	Discussions with solicitors regarding sale of business issues Internal discussions regarding sale campaign and strategy
	Other Assets	Tasks associated with realising other assets
Creditors 8.4 hours \$3,192	Retention of Title/Purchase Money Security Interest Claims	Searched PPSR Communicated with PMSI-holders disclosed on PPSR Search
	Secured creditor reporting	Notified Security Interest-holders of appointment
	Creditor reports	Prepared Report to Creditors
	Meeting of Creditors	Prepared meeting notices, proxies and advertisements

Task Area	General Description	Includes
Employees 0.9 hours \$517.50	Employees enquiry	Received and followed up employee enquiries by telephone Maintained employee enquiry register
	Calculation of entitlements	Calculated employee entitlements Reviewed employee files and company's books and records
Trade On 22.1 hours \$9,457.50	Trade On Management	Liaised with suppliers Liaised with management and staff Attended site Maintained purchase order registry
	Investigation	Conducting investigation Collected company books and records Reviewed company's books and records Prepared comparative financial statements
Administration 18.6 hours \$6,762.50	Correspondence	
	Document maintenance/file review/checklist	Filed documents File reviews 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 bank account Requested bank statements
	ASIC Forms	Prepared and lodged ASIC forms including 505

Task Area	General Description	Includes
	ATO and other statutory reporting	Notification of appointment
	Planning / Review	Discussions regarding status of administration
Total 72.2 hrs	Total Cost	\$31,446.50 (plus GST)

4 CALCULATION OF REMUNERATION

The remuneration request is summarised by employee by area of activity on the following page.

Barokes Pty Ltd (In Liquidation)

For the period 19 December 2018 to 9 January 2019

Name	Position	Charge Out Rate	Administration		Assets		Creditors		Employees		Investigations		Trade-On		Grand Total	
			Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)
James Koutsoukos	Appointee	575.00	2.50	1,437.50	6.10	3,507.50	2.10	1,207.50	0.90	517.50	8.80	5,060.00	9.60	5,520.00	30.00	17,250.00
David Coyne	Appointee	575.00	4.80	2,760.00	0.40	230.00	-	-	-	-	2.10	1,207.50	-	-	7.30	4,197.50
PS	Director	525.00	0.20	105.00	-	-	-	-	-	-	-	-	-	-	0.20	105.00
JM	Senior Accountant	315.00	1.80	567.00	-	-	6.30	1,984.50	-	-	4.80	1,512.00	12.50	3,937.50	25.40	8,001.00
MG	Intermediate Accountant	205.00	8.40	1,722.00	-	-	-	-	-	-	-	-	-	-	8.40	1,722.00
SS	Senior Administration	190.00	0.90	171.00	-	-	-	-	-	-	-	-	-	-	0.90	171.00
Grand Total			18.60	6,762.50	6.50	3,737.50	8.40	3,192.00	0.90	517.50	15.70	7,779.50	22.10	9,457.50	72.20	31,446.50
Average Hourly Rate																435.55

Resolution #2

Company	BAROKES PTY. LTD. (IN LIQUIDATION)	Period From	10/1/19	To	29/1/19
Practitioner	James Koutsoukos David Coyne	Firm	BRI FERRIER		
Administration Type	Court Liquidation				

4.1 REMUNERATION FOR THE PERIOD 10 JANUARY 2019 TO 29 JANUARY 2019

Task Area	General Description	Includes
Assets 15 hours \$5,900	Sale of Business as a Going Concern	Preparing an Information Memorandum Liaising with purchasers Internal meetings to discuss/review offers received
	Plant and Equipment	Liaising with valuers, auctioneers and interested parties Reviewing asset listings
	Assets subject to specific charges	All tasks associated with realising a charged asset
	Debtors	Correspondence with debtors Reviewing and assessing debtors ledgers
	Stock	Conducting stock takes Reviewing stock values Liaising with purchasers
	Other Assets	Tasks associated with realising other assets
	Leasing	Reviewing leasing documents Liaising with owners/lessors

Task Area	General Description	Includes
Creditors 21 hours \$7,600		Tasks associated with disclaiming leases
	Creditor Enquiries	Receive and follow up creditor enquiries by telephone Maintaining creditor enquiry register Review and prepare correspondence to creditors and their representatives by facsimile, email and post
	Retention of Title/Purchase Money Security Interest Claims	Communication with PMSI-holders disclosed on PPSR Search Receive initial notification of creditor's intention to claim Provision of PMSI claim form to creditor Receive completed PMSI claim form Maintain PMSI file Meeting claimant on site to identify goods Consider Proceeds tracing Adjudicate PMSI claim Forward correspondence to claimant notifying outcome of adjudication Preparation of payment vouchers to satisfy valid claim Preparation of correspondence to claimant to accompany payment of claim (if valid)
	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	Sending Notice of Meeting to all known creditors Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting, Presentation and draft minutes of meeting. Preparation and lodgement of minutes of meetings with ASIC Responding to stakeholder queries and questions immediately following meeting

Task Area	General Description	Includes
	Shareholder enquires	Responding to any shareholder legal action
Trade On 11 hours \$4,200	Trade On Management	Liaising with suppliers Liaising with management and staff Attendance on site Authorising purchase orders Maintaining purchase order registry Preparing and authorising receipt vouchers Preparing and authorising payment vouchers Liaising with superannuation funds regarding contributions, termination of employees employment Liaising with SRO regarding payroll tax issues
	Processing receipts and payments	Entering receipt and payments into accounting system
	Budgeting and financial reporting	Reviewing company's budgets and financial statements Preparing budgets Preparing weekly financial reports Finalising trading profit or loss Meetings to discuss trading position
Investigation 8 hours \$3,000	Conducting investigation	Collection of company books and records Reviewing company's books and records Review and preparation of narrative of business nature and history Conducting and summarising statutory searches Preparation of comparative financial statements
Total 55 hrs	Total Estimated Cost	\$20,700 (plus GST)

Resolution #3

Company	BAROKES PTY. LTD. (IN LIQUIDATION)	Period From	30/1/19	To	Completion
Practitioner	James Koutsoukos David Coyne		Firm	BRI FERRIER	
Administration Type	Court Liquidation				

4.2 REMUNERATION FOR THE PERIOD 30 JANUARY 2019 TO COMPLETION

Task Area	General Description	Includes
Assets 237.5 hours \$95,800	Sale of Business as a Going Concern	Preparing an information memorandum Liaising with purchasers Internal meetings to discuss/review offers received
	Plant and Equipment	Liaising with valuers, auctioneers and interested parties Reviewing asset listings
	Assets subject to specific charges	All tasks associated with realising a charged asset
	Debtors	Correspondence with debtors Reviewing and assessing debtors ledgers Liaising with debt collectors and solicitors
	Stock	Conducting stock takes Reviewing stock values Liaising with purchasers
	Other Assets	Tasks associated with realising other assets
	Leasing	Reviewing leasing documents

Task Area	General Description	Includes
Creditors 68.5 hours \$23,400		Liaising with owners/lessors Tasks associated with disclaiming leases
	Creditor Enquiries	Receive and follow up creditor enquiries by telephone Maintaining creditor enquiry register Review and prepare correspondence to creditors and their representatives by facsimile, email and post
	Retention of Title/Purchase Money Security Interest Claims	Communication with PMSI-holders disclosed on PPSR Search Receive initial notification of creditor's intention to claim Provision of PMSI claim form to creditor Receive completed PMSI claim form Maintain PMSI file Meeting claimant on site to identify goods Consider Proceeds tracing Adjudicate PMSI claim Forward correspondence to claimant notifying outcome of adjudication Preparation of payment vouchers to satisfy valid claim Preparation of correspondence to claimant to accompany payment of claim (if valid)
	Creditor reports	Preparing Report to Creditors, investigation, meeting and general reports to creditors
	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	Preparation of meeting notices, proxies and advertisements Sending Notice of Meeting to all known creditors Preparation of meeting file, including agenda, certificate of postage, attendance register, list of

Task Area	General Description	Includes
		creditors, reports to creditors, advertisement of meeting, Presentation and draft minutes of meeting. Preparation and lodgement of minutes of meetings with ASIC Responding to stakeholder queries and questions immediately following meeting
	Shareholder enquires	Responding to any shareholder legal action
Employees 5 hours \$1,500	Employees enquiry	Receive and follow up employee enquiries by telephone Maintain employee enquiry register Review and prepare correspondence to creditors and their representatives by facsimile, email and post Preparation of letters to employees advising of their entitlements and options available Receive and prepare correspondence in response to employees objections to leave entitlements
	Calculation of entitlements	Calculating employee entitlements Reviewing employee files and company's books and records Reconciling superannuation accounts Reviewing awards Liaising with solicitors regarding entitlements
	Other employee issues	Correspondence with Child Support Correspondence with Centrelink
Trade On 33.5 hours \$10,100	Trade On Management	Liaising with suppliers Liaising with management and staff Attendance on site Authorising purchase orders Maintaining purchase order registry Preparing and authorising receipt vouchers Preparing and authorising payment vouchers Liaising with superannuation funds regarding contributions, termination of employees employment

Task Area	General Description	Includes
		Liaising with SRO regarding payroll tax issues
	Processing receipts and payments	Entering receipt and payments into accounting system
	Budgeting and financial reporting	Reviewing company's budgets and financial statements Preparing budgets Preparing weekly financial reports Finalising trading profit or loss Meetings to discuss trading position
Investigation 124.5 hours \$41,100	Conducting investigation	Collection of company books and records Reviewing company's books and records Review and preparation of narrative of business nature and history Conducting and summarising statutory searches Preparation of comparative financial statements Preparation of deficiency statement Review of specific transactions and liaising with directors regarding certain transactions Liaising with directors regarding certain transactions Preparation of investigation file Lodgement of investigation with the ASIC Preparation and lodgement of supplementary report if required
	Litigation / Recoveries	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

Task Area	General Description	Includes
Dividend 37 hours \$12,400	Processing proofs of debt	Preparation of correspondence to potential creditors inviting lodgement of Proofs Receipt of Proofs Maintain Proofs of Debt register Adjudicating Proofs of Debt Request further information from claimants regarding Proofs Preparation of correspondence to claimant advising outcome of adjudication
	Dividend procedures	Preparation of correspondence to creditors advising of intention to declare dividend Advertisement of intention to declare dividend Preparation of dividend calculation Preparation of correspondence to creditors announcing declaration of dividend Advertise announcement of dividend Preparation of distribution Preparation of dividend file Preparation of payment vouchers to pay dividend Preparation of correspondence to creditors enclosing payment of dividend
Administration 57 hours \$15,100	Correspondence	
	Document maintenance/file review/checklist	First month, then six monthly administration review Filing of documents File reviews Updating checklists
	Insurance	Identification of potential issues requiring attention of insurance specialists Correspondence with insurer regarding initial and ongoing insurance requirements Reviewing insurance policies Correspondence with previous brokers
	Bank account administration	Requesting bank statements Bank account reconciliations

Task Area	General Description	Includes
		Correspondence with bank regarding specific transfers
	ASIC Forms	Preparing and lodging ASIC forms including 5601 Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	Notification of appointment Preparing BASs Completing group certificates
	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 563 hrs	Total Estimated Cost	\$199,400 (plus GST)

5 STATEMENT OF REMUNERATION CLAIM

We are seeking approval for the following resolutions from creditors:

Liquidators Remuneration Resolution #1

"That the remuneration of the Joint and Several Liquidators from 19 December 2018 to 9 January 2019 of the Liquidation is determined at a sum equal to the cost of time spent by the Joint and Several Liquidators and the Joint and Several Liquidators' partners and staff, calculated at the hourly rates as detailed in the Remuneration Request Approval Report dated 11 January 2019 such sum to be fixed at the amount of \$31,446.50, 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."

Liquidators Remuneration Resolution #2

"That the remuneration of the Joint and Several Liquidators from 10 January 2019 to 29 January 2019 of the Liquidation is determined at a sum equal to the cost of time spent by the Joint and Several Liquidators and the Joint and Several Liquidators' partners and staff, calculated at the hourly rates as detailed in the Remuneration Request Approval Report dated 11 January 2019 such sum to be capped at the amount of \$20,700, 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."

Liquidators Remuneration Resolution #3

"That the remuneration of the Joint and Several Liquidators from 30 January 2019 to completion of the Liquidation is determined at a sum equal to the cost of time spent by the Joint and Several Liquidators and the Joint and Several Liquidators' partners and staff, calculated at the hourly rates as detailed in the Remuneration Request Approval Report dated 11 January 2019 such sum to be capped at the amount of \$199,400, 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."

If our fees are less than the amount approved by creditors then we will only draw the lesser amount.

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 Liquidation, we consider that we will incur the ASIC levy for the following metric events:

- ✦ New appointment for financial year ending 30 June 2019 for each appointee;
- ✦ Notice of meeting;
- ✦ Notice of the outcome of a proposal to pass resolution without meeting lodged with ASIC;
- ✦ 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 2019 until 2020.

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.

No disbursements have been drawn from the Liquidation to date.

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 creditor approval:

Disbursements with a profit element	Rate (excl GST) (\$)
ASIC Industry Funding Levy	\$125 per event
Faxes and Photocopying	\$0.25 per page

We are seeking the following resolution with respect to these disbursements:

Liquidators Disbursements Resolution #1

“That the disbursements potentially deriving a profit element of the Joint and Several Liquidators from 19 December 2018 to completion of the Liquidation are to be calculated at the rates as detailed in the Remuneration Request Approval Report dated 11 January 2019 such sum to be capped at the amount of \$3,700, exclusive of GST, and that the Joint and Several Liquidators may draw disbursements on a monthly basis or as required.”

If our disbursements with a profit element 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 SUMMARY OF RECEIPTS AND PAYMENTS

A copy of our receipts and payments have been provided in our Report to Creditors dated 11 January 2019.

8 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 Liquidators' 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.

9 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.

10 ADVICE TO CREDITORS

10.1 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.

10.2 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 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 (please refer to our Declaration of Independence, Relevant Relationship and Indemnities dated 19 December 2018).
- ✦ 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 2019. At this time BRI Ferrier may increase the hourly rates charged for work performed past that date. If hourly rates are increased, we will seek their approval.

10.3 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.	\$575
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.	\$525
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.	\$460
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.	\$440
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.	\$355
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.	\$315
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.	\$250
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.	\$230
Intermediate 2	An accountant with less than 1 year's experience. A trainee undertaking degree with an accountancy major. Assists in the appointment under supervision.	\$205
Senior Administration	Appropriately skilled and undertakes support activities including but not limited to treasury, word processing and other administrative, clerical and secretarial tasks.	\$190
Junior Administration	Appropriately skilled and undertakes support activities including but not limited to treasury, word processing and other administrative, clerical and secretarial tasks.	\$135

10.3.1 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.