

18 November 2020

TO THE CREDITOR AS ADDRESSED

Dear Sir/Madam

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

We refer to the above matter.

Please find enclosed the following documents for your information and completion:

Item #	Item	Description	Further Action Required by you
1	Fourth Report to Creditors	The purpose of this report is to provide an update regarding the progress of the Liquidation and details of the likely return to creditors.	No
2	Remuneration Request Approval Report	This document details our retrospective and prospective time costs with respect to the administration of the Liquidation.	No
3	Proposals without a meeting form – Retrospective Remuneration Approval	This document must be returned to us before 4.00PM on 10 December 2020 via email jmay@brifvic.com.au for your vote to count.	Yes
4	Proposals without a meeting form – Prospective Remuneration Approval	This document must be returned to us before 4.00PM on 10 December 2020 via email jmay@brifvic.com.au for your vote to count.	Yes
5	Information sheet – Proposals without a meeting	This is an information sheet to assist you in understanding what a 'Proposal without a meeting' is.	No
6	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

Should you have any further queries in this matter, please contact Joshua May of this office on 03 9622 1800.

Yours faithfully



JAMES KOUTSOUKOS
Joint and Several Liquidator

Coyne | Koutsoukos |

BRI Ferrier Victoria Pty Ltd ABN 18 638 454 029
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Fourth Report to Creditors

Barokes Pty Ltd

(In Liquidation)

ACN 079 714 579

("The Company")

18 November 2020

James Koutsoukos and David Coyne
Joint and Several Liquidators

BRI Ferrier ABN 18 638 454 029

Level 10, 45 William Street, Melbourne VIC 3000

PO Box 521, Collins Street West VIC 8007

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BRI Ferrier

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1 INTRODUCTION

David Coyne and I were appointed Joint and Several Liquidators of the Company on 20 September 2018 pursuant to an Order of the Supreme Court of Victoria. This Order was stayed and ultimately came into effect on 19 December 2018.

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

This report should be read in conjunction with our reports to creditors dated 11 January 2019, 18 March 2019 and 17 September 2019. Copies of these reports may be provided upon request.

2 PROGRESS OF THE LIQUIDATION TO DATE

2.1 SALE OF COMPANY'S BUSINESS AND ASSETS

We refer to the sale of the Company's business and assets which was completed on 7 June 2019.

We have continued to facilitate the transfer of work in progress and certain intellectual property assets to the purchaser. This included:

- ▲ Executing powers of attorney for each jurisdiction a patent and/or trademark was registered;
- ▲ Executing assignment documents for each jurisdiction a patent and/or trademark was registered; and
- ▲ Attending to the assignment of leases.

We have also reconciled the patent renewal fees that were due and payable during the Liquidation trade-on period and have remitted payment of same.

We confirm that all deposits provided by interested parties during the sales campaign have been refunded.

Subsequent to our last report, we have continued to liaise with suppliers engaged during the trade-on period to close out our Liquidators' trading accounts.

2.2 LITIGATION

We refer to our previous reports in relation to the legal proceedings with respect to patent validity and patent infringement in Japan, and the negligence claim against the Company's former solicitor in Germany.

An update appears below:

Japanese Litigation

We refer to our previous reports.

On 29 August 2019, the Japanese Intellectual Property High Court ("IP High Court") rendered judgement that the Company's patent at issue should be invalidated and dismissed the Company's claims regarding the validity of the Japanese patents and the infringement of same.

We reviewed the likely costs to appeal this decision and merits of making an appeal. We were advised by the Company's Japanese solicitors that an appeal of the IP High Court's decision may only be made on Japanese Constitutional grounds.

We formed the view that it would not be in the interest of creditors generally to pursue an appeal given the unlikelihood of success and the costs involved.

German Litigation

The negligence claim against the Company's former solicitors is estimated to be between 5 million euros and 10 million euros (\$16.3 million).

We advise that the German Constitution Court dismissed the proceedings. The Company's German solicitors advised that the decision may only be appealed on German Constitutional grounds.

We formed the view that it would not be in the interest of creditors generally to pursue an appeal given the unlikelihood of success.

On 14 August 2020, the Company's German solicitors refunded a portion of the deposit paid to them by the Liquidation with respect to the continuation of their engagement.

2.3 OTHER ACTS AND DEALINGS

Section 468 Recovery

We refer to the settlement of the Section 468 claim and confirm that the amount of \$205,000 was received on 18 September 2020.

Remuneration Determination by Order of the Court

We refer to the second meeting of creditors held on 3 October 2019 and the resolution with respect to our retrospective remuneration up to 31 August 2019. We confirm that the resolution was not carried at that meeting pursuant to the results of a poll, detailed below:

For – 23 votes with a value of \$643,033.18.
Against – 1 vote with a value of \$10,828,854.22

We were therefore required to seek approval of this remuneration by applying to Court as we advised the creditors in attendance at the meeting.

On 9 December 2019, we affirmed an affidavit supporting the remuneration claim and circulated same to the Company's creditors and shareholders. This affidavit detailed the nature and complexity of the work conducted in relation to the Liquidation, including but not limited to dealing with litigation on foot, conducting statutory investigations and trading on the Company's business to facilitate a sale of the Company's business as a going concern.

On 20 December 2019, one (1) creditor objected to our application for remuneration. On 24 January 2020, we requested the objecting creditor to provide the specific time entries that they considered to be unreasonable.

On 24 February 2020, the Supreme Court of Victoria set the timetable to be followed with respect to the remuneration determination. The objecting creditor was required to file and serve its objections and all affidavit material supporting its objections by 23 March 2020. The objecting creditor submitted same on 27 March 2020 having received an extension from the Court.

On 3 April 2020, we affirmed an affidavit disputing the objections raised by the objecting creditor.

On 14 April 2020, we filed our submissions to be heard by the Court with respect to our remuneration determination. The objecting creditor filed their submissions on the same day. A directions hearing was scheduled on 21 April 2020.

On 21 April 2020, the Court approved an interim payment of \$45,000 with respect to remuneration sought.

On 1 September 2020, the Court ultimately approved \$124,543.50 of the \$129,060.50 remuneration sought with respect to the period from 13 May 2019 to 31 August 2019.

3 ACTS AND DEALING TO BE CARRIED OUT

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

- Prepare a declaration and distribution of dividend to creditors (including formal adjudication of claims process).
- Prepare and lodge statutory forms with the Australian Taxation Office and Australian Securities and Investments Commission.

The above list is not exhaustive.

4 ESTIMATED RETURN TO CREDITORS

Estimated Return to Creditors	High (\$)	Low (\$)
Cash at bank as at 31 October 2020	2,498,891	2,498,891
Total Realisations	2,498,891	2,498,891
<i>Less:</i>		
- Liquidators' Remuneration approved but not drawn	79,544	79,544
- Liquidators' Remuneration to be approved up to 31 October 2020	152,035	152,035
- Estimated Future Liquidators Remuneration	49,000	146,700
- Estimated Legal Fees	-	45,000
- Estimated Liquidators' disbursements	1,500	4,500
Estimated Available Balance For Priority Creditors	2,216,813	2,071,113
Superannuation	6,623	6,623
Total Priority Creditors	6,623	6,623
Estimated return to priority creditors (cents per dollar)	100.00	100.00
Estimated Available Balance For Unsecured Creditors	2,210,190	2,064,490
Trade Creditors	1,209,028	1,209,028
Related Party Creditors	10,828,854	10,828,854
Total Unsecured Creditors	12,037,882	12,037,882
Estimated return to unsecured creditors (cents per dollar)	18.36	17.15

We refer to the above estimated return to creditors statement and note that the estimated dividend rate will be dependent on our future time costs. We advise that our time costs may be greater due to complexities arising in the dividend process or administrative matters requiring our attention, for example, seeking a Court determination for our remuneration sought.

We advise that we are seeking the higher amount with respect to our remuneration approval but note that if our time costs are less than the amounts approved by creditors, then we will only draw the lesser amount.

Please refer to our Remuneration Request Approval Report dated 18 November 2020 for further information.

Please note that the estimated return is subject to the final admitted amounts for creditors' claims. The final return may change as a result of receiving additional claims or existing claims are substantiated in part or in full.

When a dividend is going to be paid, creditors will be contacted before the distribution occurs and asked to lodge a formal proof of debt if creditors have not previously done so. This formalises creditors' claims in the Liquidation and is used to determine all claims against the Company.

5 SUMMARY OF RECEIPTS AND PAYMENTS

A summary of our receipts and payments for the period 1 September 2019 to 31 October 2020 is provided below.

	Gross Amount (\$)
Balance Carried Forward from 31 August 2019	2,495,145.19
Receipts	
Cash at Bank	200.39
Bank Interest	20,478.92
Section 468 Settlement	205,000.00
Refund of Legal Fees	16,260.66
GST Clearing Account	22,001.00
Total (inc GST)	263,940.97
Payments	
Trade-On Purchases	932.57
Postage	259.79
Transport / Courier	556.15
Other Government Charges	977.45
Bank Charges	356.75
Liquidators' Legal Fees and Expenses	168,979.59
German Litigation Fees	21,969.33
Japanese Litigation Fees	4,097.04
Patent Attorney Fees	7,542.67
Liquidators Remuneration	49,500.00
Liquidators Expenses	3,881.49
ASIC Industry Fund Levy	500.00
GST Clearing Account	642.00
Total (inc GST)	260,194.83
Balance in Hand	2,498,891.33

An account of the Company's receipts and payments for the period 19 December 2018 to 18 December 2019 was submitted to the Australian Securities & Investments Commission on 21 January 2020.

Creditors are advised pursuant to IPS 70-10(2) of the Corporations Act 2001 that the Liquidator's account of receipts and payments can be inspected at the offices of BRI Ferrier, Level 10, 45 William Street, Melbourne VIC 3000 during business hours.

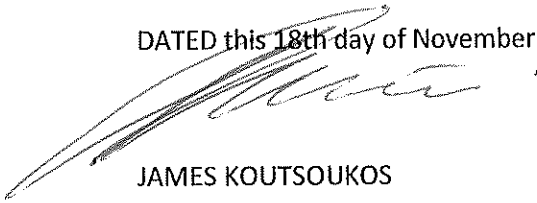
6 REMUNERATION REQUEST APPROVAL REPORT

A Remuneration Request Approval Report is enclosed for your consideration. We are unable to pay our remuneration without the approval of creditors (either by a proposal without a meeting, or by a meeting) or alternatively, by an application to the Court.

In the interests of keeping costs to a minimum, we are seeking approval of our remuneration by a proposal without a meeting. Information about passing resolutions without a meeting and a proposal form is included with this Report.

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

DATED this 18th day of November 2020.



JAMES KOUTSOUKOS
JOINT AND SEVERAL LIQUIDATOR

Remuneration Request Approval Report

BAROKES PTY. LTD.

(IN LIQUIDATION)

ACN 079 714 579

18 November 2020

James Koutsoukos and David Coyne
Joint and Several Liquidators

BRI Ferrier Victoria Pty Ltd ABN 18 638 454 029
Level 10, 45 William Street, Melbourne VIC 3000

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1 DECLARATION

We, 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, in the conduct of the Liquidation.

We have reviewed the work in progress report for the Liquidation to ensure that remuneration is only being claimed for necessary and proper work.

2 EXECUTIVE SUMMARY

The below remuneration has been approved and paid in the Liquidation. This remuneration report details approval sought for the following fees:

Period	Report Reference	Amount (\$, ex GST)
Past remuneration approved for the period:		
19 December 2018 to 9 January 2019 (Approval Date: 29 Jan 2019)		\$31,446.50
10 January 2019 to 29 January 2019 (Approval Date: 29 Jan 2019)		\$20,700.00
30 January 2019 to Completion (Approval Date: 29 Jan 2019)		\$199,400.00
10 January 2019 to 29 January 2019 (Approval Date: 18 Apr 2019)		\$32,281.50
13 May 2019 to 31 August 2019 (Approval Date: 21 April 2020)		\$45,000.00
13 May 2019 to 31 August 2019 (Approval Date: 1 September 2020)		\$79,543.50
Total past remuneration approved		\$408,371.50
Total remuneration paid		\$328,828.00
Current remuneration approval sought:		
Resolution #1: 1 September 2019 to 31 October 2020	3.1 & 5	\$152,035.00
Resolution #2: 1 November 2020 to Completion	4.1 & 5	\$146,700.00
Total		\$298,735.00

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

At this point in time, I estimate that the total remuneration for the Liquidation will be between \$609,406 and \$707,107. This includes the current approval amounts being sought of \$152,035 and \$146,700. This is subject to the following variables which may a significant effect on this estimate and that we are as yet unable to determine:

- Time spent attending to the adjudication process with respect to creditors' claims for the purpose of a dividend; and
- Time spent attending to administrative matters in the Liquidation, such as seeking a Court determination with respect to the approval of the remuneration sought.

This estimate differs to our previous estimates for the following reasons:

- Additional time spent attending to seeking a remuneration determination by an Order of the Court.
- Additional time spent attending to overseas litigation in Germany and Japan.

3 DESCRIPTION OF WORK COMPLETED / TO BE COMPLETED

Resolution #1

Company	Barokes Pty Ltd	Period From	1/9/19	To	31/10/20
Practitioner	James Koutsoukos David Coyne	Firm	BRI Ferrier		
Administration Type	Court Liquidation				

3.1 REMUNERATION FOR THE PERIOD 1 SEPTEMBER 2019 TO 31 OCTOBER 2020

Task Area	General Description	Includes
Assets 25.9 hours \$14,418	Sale of Business as a Going Concern	Attended to the assignment of patents to the purchaser including reviewing and executing assignment deeds Attended to the refund of deposits of unsuccessful bidders for business and assets
	Assets subject to specific charges	Prepared disclaimer of the premises lease
	Other Assets	Prepared correspondence regarding exercised bank guarantee Attended to statutory lodgements in the United

Task Area	General Description	Includes
		Kingdom for subsidiary
	Leasing	Reviewed assignment of premises lease Liaising with purchaser regarding assignment of lease
Creditors 89.9 hours \$36,067.50	Creditor Enquiries	Received and followed up creditor enquiries by telephone Reviewed and prepared correspondence to creditors and their representatives by email and post
	Creditor reports	Prepared and finalised Third Report to Creditors and annexures Prepared Forth Report to Creditors and annexures
	Dealing with proofs of debt	Receipted and filed Proofs when not related to a dividend Prepared responses with respect to amended claims and requests for adjudication not related to a dividend
	Meeting of Creditors	Prepared meeting notices, proxies and advertisements Sent Notice of Meeting to all known creditors Prepared meeting file, including agenda, certificate of postage, attendance register, and advertisement of meeting Drafted and presented minutes of meeting Prepared and lodged minutes of meetings with ASIC
Employees 0.3 hours \$106.50	Employees enquiry	Prepared correspondence in response to leave entitlement query
Trade On 15.2 hours \$5,333	Trade On Management	Finalised Liquidator trade-on accounts Reconciled rent liabilities for trade-on Prepared and authorised payment vouchers
	Processing receipts and payments	Entered receipt and payments into accounting system
	Budgeting and financial reporting	Finalised trading profit or loss

Task Area	General Description	Includes
<p>Investigation</p> <p>151.9 hours</p> <p>\$78,131</p>	<p>Conducting investigation</p>	<p>Pursued Company records with respect to requests for information</p> <p>Attended to and prepared responses to correspondence received from objecting creditor</p> <p>Reviewed affidavits and annexures with respect to Court Remuneration Determination application</p> <p>Undertook investigations with respect to director duties including reviewing Court Judgements</p> <p>Reviewed related party creditor claims in relation to shareholder loans</p>
	<p>Litigation / Recoveries</p>	<p>Attended to matters with respect to submitting Remuneration Determination application with the Court including liaising with solicitor</p> <p>Prepared and reviewed submissions with respect to Court Remuneration Determination application</p> <p>Reviewed and executed settlement deed with respect to voidable disposition claim</p> <p>Attended to matters with respect to German litigation including reviewing advice from German lawyers</p> <p>Attended to matters with respect to Japanese litigation including reviewing advice from Japanese lawyers</p> <p>Considered options available with respect to continuing to pursue German and Japanese litigation</p> <p>Reviewed the appropriateness of legal costs incurred with respect to the Court Remuneration Determination application, Japanese litigation and German litigation</p> <p>Reviewed judgements with respect to the Court Remuneration Determination application, Japanese litigation and German litigation</p>
<p>Dividend</p> <p>11.1 hours</p> <p>\$5,703.50</p>	<p>Processing proofs of debt</p>	<p>Adjudicated Proofs of Debt at the request of creditors</p> <p>Requested further information from claimants regarding Proofs of Debt</p> <p>Reviewed advice from solicitors with respect to claims related to voidable disposition</p> <p>Reviewed advice from solicitors with respect to related party claims</p> <p>Prepared correspondence to claimant advising outcome of adjudication</p>

Task Area	General Description	Includes
Administration 41.2 hours \$12,275.50	Correspondence	Prepared general correspondence to stakeholders
	Document maintenance/file review/checklist	Filed documents
	Insurance	Liaised with pre-appointment insurer regarding claim for damaged stock
	Bank account administration	Prepared bank account reconciliations Prepared and entered vouchers and receipts not related to trade-on into accounting software
	ASIC Forms	Prepared and lodged ASIC forms including 5602
	ATO and other statutory reporting	Prepared BASs
	Books and records / storage	Dealt with records in storage
Total 335.5 hrs	Total Cost	\$152,035 (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 1 September 2019 to 31 October 2020

Name	Position	Charge Out Rate		Administration		Assets		Creditors		Dividend		Employees		Investigations		Trade-On		Grand Total	
		Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)
James Koutsoukos	Appointee	575.00	2,645.00	6.00	3,450.00	13.50	7,762.50	5.00	2,875.00	-	-	-	-	28.00	16,100.00	1.80	1,035.00	58.90	33,867.50
James Koutsoukos	Senior Manager	460.00	-	0.30	138.00	1.50	690.00	0.70	322.00	-	-	-	-	9.40	4,324.00	-	-	11.90	5,474.00
David Coyne	Appointee	575.00	1,725.00	17.60	10,120.00	5.50	3,162.50	1.20	690.00	-	-	-	-	45.90	26,392.50	1.80	1,035.00	75.00	43,125.00
David Coyne	Senior Manager	460.00	-	-	-	4.00	1,840.00	3.10	1,426.00	-	-	-	-	66.30	30,498.00	-	-	79.40	33,764.00
AO	Senior Manager	460.00	-	-	-	1.10	506.00	-	-	-	-	-	-	-	-	-	-	1.10	506.00
JM	Supervisor	355.00	9.30	3,301.50	2.00	710.00	21,122.50	1.10	390.50	-	-	0.30	106.50	2.30	816.50	5.90	2,094.50	80.40	28,542.00
MG	Intermediate Accountant	205.00	4.50	922.50	-	-	984.00	-	-	-	-	-	-	-	-	5.70	1,168.50	15.00	3,075.00
DSC	Intermediate Accountant	205.00	3.10	635.50	-	-	-	-	-	-	-	-	-	-	-	-	-	3.10	635.50
MA	Intermediate Accountant	205.00	1.60	328.00	-	-	-	-	-	-	-	-	-	-	-	-	-	1.60	328.00
PM	Intermediate Accountant	205.00	0.20	41.00	-	-	-	-	-	-	-	-	-	-	-	-	-	0.20	41.00
AH	Senior Administration	190.00	5.70	1,083.00	-	-	-	-	-	-	-	-	-	-	-	-	-	5.70	1,083.00
MH	Senior Administration	190.00	1.10	209.00	-	-	-	-	-	-	-	-	-	-	-	-	-	1.10	209.00
VM	Senior Administration	190.00	2.30	437.00	-	-	-	-	-	-	-	-	-	-	-	-	-	2.30	437.00
SS	Senior Administration	190.00	3.00	570.00	-	-	-	-	-	-	-	-	-	-	-	-	-	3.00	570.00
SG	Junior Administration	135.00	2.70	364.50	-	-	-	-	-	-	-	-	-	-	-	-	-	2.70	364.50
ZE	Junior Administration	135.00	0.10	13.50	-	-	-	-	-	-	-	-	-	-	-	-	-	0.10	13.50
Grand Total		41.20	12,275.50	25.90	14,318.00	89.90	36,067.50	11.10	5,703.50	0.30	106.50	151.90	78,131.00	15.20	5,333.00	335.50	152,035.00		453.16
Average Hourly Rate:																			

Resolution #2

Company	Barokes Pty Ltd	Period From	1/11/20	To	Completion
Practitioner	James Koutsoukos David Coyne	Firm	BRI Ferrier		
Administration Type	Court Liquidation				

4.1 REMUNERATION FOR THE PERIOD 1 NOVEMBER 2020 TO COMPLETION

Task Area	General Description	Includes
Assets 16 hours \$6,900	Sale of Business as a Going Concern	Attending to the assignment of patents to the purchaser including reviewing and executing assignment deeds
	Leasing	Liaising with owners/lessors Tasks associated with disclaiming leases
Creditors 35.5 hours \$14,200	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 Fourth Report to Creditors and annexures Sending Fourth Report to Creditors to all known 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
Investigation 233.5 hours \$97,400	Litigation / Recoveries	If required: Attending to matters with respect to seeking a Remuneration Determination from the Court including reviewing affidavits and supporting material, reviewing submissions filed by an objecting creditor and liaising with solicitors
Dividend 58.5 hours \$21,100	Processing proofs of debt	Preparing correspondence to potential creditors inviting lodgement of Proofs Receipting Proofs Maintaining Proofs of Debt register Adjudicating Proofs of Debt Request further information from claimants regarding Proofs

Task Area	General Description	Includes
		Preparing correspondence to claimant advising outcome of adjudication
	Dividend procedures	Preparing correspondence to creditors advising of intention to declare dividend Advertising intention to declare dividend Preparing dividend calculation Preparing correspondence to creditors announcing declaration of dividend Preparing distribution Preparing dividend file Preparing payment vouchers to pay dividend Preparing correspondence to creditors enclosing payment of dividend
Administration 24 hours \$7,100	Correspondence	Preparing correspondence to stakeholders
	Document maintenance/file review/checklist	Filing of documents File reviews Updating checklists
	Bank account administration	Preparing bank account reconciliations
	ASIC Forms	Preparing and lodging ASIC forms including 505
	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 367.5 hrs	Total Estimated Cost	\$146,700 (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 1 September 2019 to 31 October 2020 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 18 November 2020 such sum to be fixed at the amount of \$152,035, 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 1 November 2020 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 18 November 2020 such sum to be capped at the amount of \$146,700, 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.”

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

- Ongoing appointment for financial year ending 30 June 2021 for each appointee;
- 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 2021 until 2022.

Our current best estimate based on indications from ASIC is the fee will be calculated on a basis of \$90 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 Barokes Pty. Ltd. (In Liquidation), in accordance with the law and applicable professional standards. We are satisfied that the disbursements claimed are necessary and proper.

The following disbursements have been paid by the Liquidation to our firm for the period from 19 December 2018 to 31 October 2020. Where amounts have been paid to our firm for externally provided services and costs, that is in reimbursement of a cost previously paid by our firm either due to a lack of funds in the Administration at the time the payment was due or the direct invoicing of our firm by the supplier. All of the below transactions appear in the receipts and payments listing attached to this report as Appointee disbursements. Where payments to third parties are paid directly from the Administration bank account, they are only included in the attached listing of receipts and payments.

Disbursements paid	Basis	Total (excl GST) (\$)
19 December 2018 to 31 October 2020		
Externally provided Professional Services		
Notary Services	At Cost	\$205.45
Externally provided non-professional services		
Searches	At Cost	\$551.38
External printing	At Cost	\$1,282.00
Data Room subscription	At Cost	\$3,996.00
		\$5,829.38
Internal Disbursements		
Travel	At Cost	\$406.55
Postage	At Cost	\$2,167.35
		\$2,573.90

Internal Disbursements with potential profit element		
ASIC Industry Funding Levy	\$125 per metric	\$625.00
Printing	\$0.25 per page	\$2,093.25
		<u>\$2,718.25</u>
		<u>\$11,326.98</u>

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.

On 29 January 2019, creditors approved that our disbursements with a profit element be capped at a limit of \$3,700. We are not seeking further approval for disbursements with a profit element at this time.

7 SUMMARY OF RECEIPTS AND PAYMENTS

A summary of our receipts and payments have been provided in our Report to Creditors dated 18 November 2020.

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:

4 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 2021. 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 years' 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.

NOTICE OF PROPOSAL TO CREDITORS

Dated: 18 November 2020

Voting Poll Closes: 10 December 2020

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

Proposal No. 1 for creditor approval

"That the remuneration of the Joint and Several Liquidators from 1 September 2019 to 31 October 2020 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 18 November 2020 such sum to be fixed at the amount of \$152,035, 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."

Vote on the Proposal No. 1

Please select the appropriate Yes, No or Object box referred to below with a to indicate your preferred position.

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

For your vote to count, your claim against the Company must have been admitted for the purposes of voting by the Joint and Several Liquidators. Please select the option that applies to you:

- I have previously submitted a proof of debt form and supporting documents
- I have **enclosed** a proof of debt form and supporting documents with this proposal form
- I am **not** a related creditor of the Company
- I am a related creditor of the Company*

relationship: _____

*eg Director, relative of Director, related company, beneficiary of a related trust.

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

- A Liquidator is entitled to be fairly remunerated for undertaking statutory and other duties, including reporting obligations in acting as a liquidator.
- I am unable to pay my remuneration without the approval of the Committee of Inspection (if one has been appointed), Creditors, or the Court.
- Approval by Creditors is efficient and timely, and is less costly than an application to the Court.
- Approval of my remuneration will allow me to progress further investigations in a timely manner to ensure the prospect of any dividends can be maximised.
- The drawing of remuneration will reduce the funds available in the Liquidation.

Creditor details

Name of creditor

Address

ABN (if applicable)

Contact number

Email address

**Name of creditor /
authorised person:** _____

Signature: _____

Date: _____

For your vote to count, you **must complete** this document and return it together with any **supporting documents** by no later than **4.00PM** on **10 December 2020**, by email to Joshua May at jmay@brifvic.com.au. Should you have any queries in relation to this matter, please contact Joshua May on (03) 9622 1800.

BRI FERRIER
PO Box 521
Collins Street West VIC 8007

NOTICE OF PROPOSAL TO CREDITORS

Dated: 18 November 2020

Voting Poll Closes: 10 December 2020

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

Proposal No. 2 for creditor approval

"That the remuneration of the Joint and Several Liquidators from 1 November 2020 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 18 November 2020 such sum to be capped at the amount of \$146,700, 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."

Vote on the Proposal No. 2

Please select the appropriate Yes, No or Object box referred to below with a to indicate your preferred position.

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

For your vote to count, your claim against the Company must have been admitted for the purposes of voting by the Joint and Several Liquidators. Please select the option that applies to you:

- I have previously submitted a proof of debt form and supporting documents
- I have **enclosed** a proof of debt form and supporting documents with this proposal form
- I am **not** a related creditor of the Company
- I am a related creditor of the Company*

relationship: _____

*eg Director, relative of Director, related company, beneficiary of a related trust.

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

- A Liquidator is entitled to be fairly remunerated for undertaking statutory and other duties, including reporting obligations in acting as a liquidator.
- I am unable to pay my remuneration without the approval of the Committee of Inspection (if one has been appointed), Creditors, or the Court.
- Approval by Creditors is efficient and timely, and is less costly than an application to the Court.
- Approval of my remuneration will allow me to progress further investigations in a timely manner to ensure the prospect of any dividends can be maximised.
- The drawing of remuneration will reduce the funds available in the Liquidation.

Creditor details

Name of creditor

Address

ABN (if applicable)

Contact number

Email address

**Name of creditor /
authorised person:** _____

Signature: _____

Date: _____

For your vote to count, you must **complete** this document and return it together with any **supporting documents** by no later than **4.00PM on 10 December 2020**, by email to Joshua May at jmay@brifvic.com.au. Should you have any queries in relation to this matter, please contact Joshua May on (03) 9622 1800.

BRI FERRIER
PO Box 521
Collins Street West VIC 8007

Information sheet: Proposals without meetings

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

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

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

What is a proposal without a meeting?

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

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

What types of proposals can be put to creditors?

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

What information must the notice contain?

The notice must:

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

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

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

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

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

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

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

How is a resolution passed?

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

What happens if the proposal doesn't pass?

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

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

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

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

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

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

Where can I get more information?

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

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

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

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 on, 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 20__

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.