

**BRI Ferrier**

## **SECOND REPORT TO CREDITORS**

**BIZPAY GROUP LIMITED**  
**(ADMINISTRATORS APPOINTED)**  
**(RECEIVERS AND MANAGERS APPOINTED)**  
**ACN: 633 797 627 ("COMPANY")**

14 December 2023

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



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## GLOSSARY OF COMMON ACRONYMS & ABBREVIATIONS

ABN	Australian Business Number
ACN	Australian Company Number
Act	Corporations Act 2001 (Cth)
Administrators	Jonathon Keenan and Peter Krejci
ARITA	Australian Restructuring Insolvency and Turnaround Association
ASIC	Australian Securities and Investments Commission
ATO	Australian Taxation Office
BP	BP Fiduciary Pty Ltd
COI	Committee of Inspection
Company	BizPay Group Limited (Administrators Appointed) (Receivers and Managers Appointed)
CVL	Creditors Voluntary Liquidation
D&O insurance	Directors and Officers insurance
Department	Department of Employment and Workplace Relations
DOCA	Deed of Company Arrangement
Directors	Robert Westgarth, Abraham Tomas, Steven Bannigan
DIRRI	Declaration of Independence, Relevant Relationships & Indemnities
FEG	Fair Entitlements Guarantee scheme
Firm	BRI Ferrier NSW
GST	Goods and Services Tax
IPR	Insolvency Practice Rules (Corporations) 2016
IPS	Insolvency Practice Schedule (Corporations)
NAB	National Australia Bank
POD	Proof of Debt
PPE	Plant and Equipment
PPSR	Personal Properties Securities Register
RBP	Relation Back Period
R&M	Receivers and Managers (Simon Cathro and David Mutton of Cathro & Partners)
SGC	Superannuation Guarantee Charge
VA	Voluntary Administration

## INTRODUCTION

We refer to our First Report to Creditors dated 27 November 2023 in which our appointment as Joint and Several Administrators of the Company was advised along with an explanation of the Voluntary Administration process.

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

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

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

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

### COMPANY DETAILS

<b>Name</b>	BizPay Group Limited (Administrators Appointed) (Receivers and Managers Appointed)
<b>Incorporated</b>	30 May 2019
<b>ACN</b>	633 797 627
<b>ABN</b>	69 633 797 627
<b>Registered Office</b>	Suite 1, Level 7, 25 Bligh Street, Sydney NSW 2000
<b>Trading Address</b>	Suite 1, Level 7, 25 Bligh Street, Sydney NSW 2000

### ADMINISTRATORS

<b>Name</b>	Jonathon Keenan and Peter Krejci
<b>Date Appointed</b>	23 November 2023

### ADMINISTRATION CONTACT

<b>Name</b>	Frane Babic
<b>Email</b>	<a href="mailto:FBabic@brifnsw.com.au">FBabic@brifnsw.com.au</a>
<b>Phone</b>	02 8263 2333

## EXECUTIVE SUMMARY

As you are aware, we, Jonathon Keenan and Peter Krejci, were appointed Joint and Several Administrators of the Company on 23 November 2023 pursuant to Section 436A of the Act.

Soon after our appointment as Administrators, on 29 November 2023, the Company's secured Creditor, BP, appointed Simon Cathro and David Mutton of Cathro & Partners as R&M of the Company pursuant to a General Security Deed dated on or around 30 May 2022. Our control of the Company and its assets ceased when the R&M was appointed.

Pursuant to Section 439A of the Act, we have convened the Second Meeting of Creditors to be held on **Friday, 22 December 2023 at 11:00AM AEDT**. Please find attached as **Annexure "1"** the Notice of Second Meeting of Creditors for your information. The meeting will be held in our offices with virtual meeting technology also made available should creditors wish to attend the meeting virtually. Further details on the meeting are disclosed in Section 20 of this report.

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

The Company was incorporated on 30 May 2019, providing Buy Now Pay Later invoice finance services to businesses. The Company converted to an unlisted public company on 1 January 2021 and raised approximately \$44M in new share capital in 2021. We understand that the board at the time were seeking to list the Company, and as such, it appears there was a commercial focus on placing higher volumes of loans to improve the perceived business value. This led to riskier loans being written, and ultimately significant impairments. In December 2021, the auditor, EY, raised solvency concerns which were reported to ASIC and the 2021 audit was never completed. The intended listing for the Company did not eventuate. The shareholders lost confidence in the board (led by former Director and CEO David Price) and a new board was installed in March 2022.

The new board took steps to reduce costs and conducted a detailed review of the loan book, leading to categorisations of loans as "new book" and "old book", in respect of loans written under old management versus new loans issued under the current board and management. The review of the loans on issue by the new board and management, led to substantial provisions being raised in excess of \$20M, largely in relation to the old book. As part of an operational restructure in 2022, the Company implemented stricter lending policies to reduce the risk of delinquent loans, however this meant that there were lower volumes of loans placed. We note that the new loans were largely funded from the Company's cashflows, rather than a separate debt warehouse facility. To assist with the Company's financial position, the new board negotiated an extension of the BP secured debt facility and the Company completed a placement of \$4M new share capital in December 2022.

Despite the improvements that were implemented, it appears the returns from the new book were insufficient to support the operational costs of the business and further capital was needed to remain viable. The Company sought to raise additional capital from June to September 2023 and negotiate further accommodations from BP. Ultimately this proved unsuccessful and shortly thereafter, the Directors sought to appoint us as Administrators.

Upon our appointment, we continued to trade the business on a limited basis, whereby no new loans were placed and focused on collections. We worked closely with management and BP, to explore

options to sell and/or restructure the business which process had commenced immediately. Unfortunately, and without warning, BP appointed the R&M and our control of the Company's business operations and its assets ceased. The R&M advised that they would continue to trade the business in a limited capacity and retained two (2) key employees to assist with collection of the loan book. The R&M also commenced another sale of business process and set a deadline for offers by 15 December 2023. We have requested an update from the R&M, however we have not received same. For the purposes of this report, we have assumed that any sale completed by the R&M will not be sufficient to return the Company to solvency or provide a return to unsecured creditors. We note that we are currently holding funds of \$125K in the Administration bank account to cover our costs incurred prior to the R&M appointment, pursuant to our statutory lien over circulating asset realisations. Any costs incurred by the business from 30 November 2023 should be referred to the R&M.

Our role as Administrators have been focused on exploring a restructure via a DOCA, investigations into the Company's affairs and potential recoveries in a Liquidation scenario. We wrote to all parties, including Directors, creditors, shareholders, interested parties, BP and the R&M providing them the opportunity to propose a DOCA. However, we have not received any DOCA proposals as at the date this report being dispatched.

The Company's primary assets are cash at bank, the loan books and various intellectual property. There are minimal other assets in relation to office equipment, rental bonds and prepayments. Given the all the Company's assets are secured to BP and under the control of the R&M, we are unable to provide further comment with respect to the recoverability so as not to prejudice any potential sale at this time. We note that the Directors have attributed a recoverable value of approximately \$1M for all debtors, which we have used in this report for illustrative purposes. In terms of liabilities, the Company's creditors total circa \$4.2M, largely represented by BP's secured debt for \$3.65M, employee (priority) creditors of potentially \$410K and other trade and unsecured creditors of \$210K. It is possible that creditor claims may arise from shareholders in due course (discussed later).

We have conducted preliminary investigations into the Company's affairs and the conduct of its officers, which indicate the Company was likely insolvent from December 2020 until around December 2022, when a restructure took place resolving critical debt obligations. The Company then returned to solvency thereafter and appears to have remained solvent on a cashflow basis, being able to satisfy trading debts incurred as they became due for payment. However, by around September 2023, it was apparent that further capital raise was not feasible and the recoverable value of the loan book was insufficient to discharge BP's debts (which were due to mature in March 2024), and accordingly, the Company was balance sheet insolvent from this time.

Whilst we do not consider there is a viable insolvent trading claim to pursue, there may be a breach of director duties claim in which the Directors (and possibly BP) knew or ought to have known that the Company was balance sheet insolvent from September 2023. By continuing to incur debts after this time, they arguably caused loss to those creditors as there was little prospect of the unsecured debts being repaid, in circumstances where the recoverable value of the Company's loan book and other assets were insufficient to discharge BP's secured debt. The loss suffered by creditors in respect of this conduct is represented by the trade debts incurred during the period from October to November 2023, which remain outstanding, being a modest amount of approximately \$143K. We note that BP had an observer on the Company's board and was privy to the Company's deteriorating financial position. A

Liquidator (if appointed) would need to consider the commerciality of pursuing such claims and the parties involved.

We have also been made aware that certain shareholders have previously attempted to claim damages from the Company in respect of alleged misrepresentations made by the Directors/management at the time, when they attempted raise new share capital in 2020 and 2021. Shareholders are not creditors of the Company in ordinary circumstances, however if the allegations are valid, then it is possible that some shareholders may have a claim against the Company and/or the Directors/management at the time that those representations were made. We have not sought legal advice and are not in a position to quantify the exposure at this time. We note the Company had D&O insurance policies in place and we have made enquiries, however this would need to be explored further to determine if they may respond to such claims.

We have also identified a payment of \$118K to David Price, the reasonableness of which is unclear based on the available records. There also appear to be substantial payments for consulting and professional fees to related parties which may require further investigations. Subject to further evidence provided, these claims may be pursued as unreasonable director-related transactions. Our investigations to date have not identified any other potential voidable transactions available for the benefit of creditors in a Liquidation scenario. We note that the Liquidator will require funding to pursue any claims.

Given that the Company is insolvent and there is no DOCA proposal for creditors to consider, we must recommend that creditors resolve to place the Company into Liquidation at the forthcoming creditors meeting. We have prepared estimates of the potential returns to creditors under a Liquidation scenario, which are subject to the outcome from the R&M process, and are summarised as follows:

Summary of Return to Creditors	Liquidation High Cents/\$	Liquidation Low Cents/\$
Secured Creditors	33	21
Priority Creditors	100	100
Unsecured Creditors	Unknown	Nil

**In summary, we have no choice but to recommend Liquidation of the Company at this time. However, if we receive a viable DOCA proposal prior to the forthcoming creditors meeting, we will notify creditors and consider the options available, including adjourning the meeting. We estimate that the Liquidation timeline may be around 6-12 months, assuming that litigation is not pursued.**



## 1. BASIS OF REPORT

This report has been prepared primarily from information received from the Company's Directors and external advisors to the business/Directors.

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

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

## 2. DISCLAIMER

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

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

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

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

### 3. DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS AND INDEMNITIES

A DIRRI pursuant to Section 436DA of the Act was enclosed in the First Report. The DIRRI records that we undertook a proper assessment of the risks to our independence prior to accepting the appointment. There is no update required to the DIRRI.

### 4. CORPORATE INFORMATION

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

#### 4.1 COMPANY DETAILS

<b>Company Name</b>	BizPay Group Limited
<b>ABN</b>	69 633 797 627
<b>ACN</b>	633 797 627
<b>Incorporation Date</b>	30 May 2019
<b>Registered Address</b>	Suite 1 Level 7 25 Bligh Street, Sydney NSW 2000
<b>Principal Place of Business</b>	Suite 1 Level 7 25 Bligh Street, Sydney NSW 2000

#### 4.2 OFFICEHOLDERS

Name	Position(s)	Start Date	Cease Date
Abraham Tomas	Director	15/03/2022	Current
	Secretary	14/07/2022	Current
Robert Murray Westgarth	Director	22/12/2022	Current
Steven Murray Bannigan	Director	22/12/2022	Current
Alexander Simpson	Director	24/02/2022	22/12/2022
	Director	30/05/2019	31/05/2020
Adrian Stone	Director	15/03/022	22/12/2022
David Price	Director	30/05/2019	20/07/2022
	Secretary	30/05/2019	14/04/2022
Lisa Weinstein	Director	20/03/2022	23/05/2022
Matt Hill	Director	24/02/2022	17/03/2022
Kariem Sobh	Director	24/02/2022	17/03/2022
Jonathan Hart	Director	31/05/2020	24/02/2022
Huifen Sylvia Huang	Director	31/05/2020	30/11/2021
Tony Jacobson	Director	30/05/2019	31/05/2020
Ashley Law-Smith	Secretary	14/04/2022	11/07/2022

### 4.3 SHARE STRUCTURE AND SHAREHOLDERS

CLASS	NO. OF Shares	Amount paid	Fully Paid
Ordinary	1,110,859,282	\$55,252,351.10	Yes*
Preference	400,000,000	\$4,000,000.00	Yes

*\*We understand that \$300K remains unpaid in respect of the share capital, which is owed by one of the Directors.*

### 4.4 CURRENT REGISTERED SECURITY INTERESTS

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

Registration Number	Secured Party	Start Date	Collateral
202205200024871	BP Fiduciary Pty Ltd	20/05/2022	All PAP
202205200025534	BP Fiduciary Pty Ltd	20/05/2022	Investment Instrument

Please refer to Section 10.2.2 of this report for further comments on the above.

### 4.5 LEGAL PROCEEDINGS AGAINST THE COMPANY

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

Creditors cannot commence or continue proceedings against the Company without our written consent or without leave of the Court. We are not aware that there are any proceedings against the Company on foot.

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

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

- ▶ The Company was incorporated on 30 May 2019, providing Buy Now Pay Later invoice finance services to businesses. We understand that the Company was founded by the former Director and CEO David Price. We note that the Company operated with a financial year ended on 31 December.
- ▶ The finance operations appear to have been limited during 2019 to 2020, being a start-up enterprise with private capital.
- ▶ The Company converted to an unlisted public company on 1 January 2021. During 2021, the Company raised approximately \$44M in new share capital and obtained a \$27M debt facility with BP.
- ▶ The management accounts indicate the Company's revenue surged from circa \$500K in 2020 to circa \$6M in 2021, and the loan books similarly increased from circa \$9M as at 31 December 2020 to \$36M as at 31 December 2021 (prior to any impairments in the loan books).

- It appears that from 2021, the board at the time had a commercial focus on placing higher volumes of loans, to improve the perceived value of the business when pursuing a listing of the Company. Unfortunately, that appears to have led to riskier loans being placed, and impairments which became known later. The intended listing did not eventuate.
- In December 2021, the Company's auditor for the 2021 year, EY, raised solvency concerns and reported same to ASIC. The 2021 audit was never completed and the subsequent auditor for 2022, BDO, did not sign-off on the prior period figures.
- The new board was installed in March 2022, after shareholders lost confidence in the previous board led by David Price. The new board reduced costs and pursued an operational restructure to reduce the cash burn rate (trading losses). They also implemented a new platform to manage the loans and process to assess credit and impairments.
- During 2022, the Directors had conducted a loan by loan review which resulted in provisions being raised in excess of \$20M. The loan books were categorised as “old book” and “new book”, in effect reflecting those loans written under the old management led by former CEO David Price, versus new loans issued under the current board and management. The vast bulk of the impairments appear to relate to the old book.

The Directors have indicated that the previous management had a lower focus on proper credit assessment, risk fundamentals and documentation was poorly maintained, which is reflected in the scale of loan impairments. Furthermore, the impact of Covid-19 pandemic caused impairment and hardship deferrals, and it appears lending was pursued with less desirable customers.

- As part of seeking to restructure the business operations and financial position, the new board negotiated an extension of the BP secured debt facility in March 2022, which was conditional on certain key milestones being achieved:
  - In May 2022, a sum of \$15M was repaid to the secured creditor as loan repayment;
  - New share capital was raised, allowing for \$3M repayment of the secured debts and conversion of \$4M of BP’s debt to preferential equity; and
  - The balance of the secured debts to carry interest and have a maturity of March 2024.
- In April 2022, the Company and its board also engaged Cathro Partners (the current R&M) to provide safe harbour advice in relation to the Company's solvency position.
- In December 2022, the Company completed the placement of \$4M of new share capital, allowing for the BP facility to be reset (as above).
- On 16 May 2023, the Company's auditor, BDO, completed the audit for the financial year ended 31 December 2022. BDO expressed a qualified opinion with respect to the Company's solvency position, noting the need to raise further capital.
- Despite the improvements that were implemented, it appears that the loan book size was not sufficient to generate returns to satisfy the operating costs, and the business needed further capital to remain viable. It appears that by mid-2023, the Directors considered a further capital

raise between \$4M to \$5M was required to enable sufficient cashflow to continue trading the business, noting that the debt facility owed to BP was maturing in March 2024.

The Directors had since approached a number of existing shareholders regarding raising further share capital. However, the shareholders expressed concerns regarding the Company's historical financial performance problems and BP's security and preference shares as a deterrent to injecting further subordinated capital. By September 2023 it appears that the Directors and BP were aware that raising new share capital was not feasible. We note that Company's management accounts record that total share capital raised is in the order of \$55M, which is mirrored by accumulated losses of \$55M by November 2023.

- During 2023, it appears that the Company was able to discharge debts as and when they fell due for payment. We note that the Company's creditors appear to have been maintained within ordinary payment terms.
- The Company also sought to negotiate with BP to further extend the repayment terms of BP's debt. However, we are advised that any further extension of the debt facilities required fresh capital, which was not available.
- The Directors took steps to further reduce costs and ultimately limit new loans being issued by around October 2023.
- In consultation with the secured creditor, the Directors sought professional advice to pursue a restructure through a Voluntary Administration and possible Deed of Company Arrangement process. Whilst the secured creditors' representative confirmed support for the restructure, soon after our appointment as Administrators, the secured creditor appointed the R&M.

## 6. REASONS FOR FAILURE

The Directors have advised the reason for failure to be insufficient equity, historical losses and problems with collection of loans issued prior to May 2022.

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

- Based on the substantial loan impairments, it appears that the former management did not implement adequate credit risk assessment in the loan origination processes of the business.
- Historically the operating expenditure, in particular labour, was too high for a business in a growth phase with limited revenues, leading to substantial trading losses being incurred.
- The loan book size was not of sufficient scale to make the business model viable.
- Overall, the significant trading losses, secured debts and preferred equity structure made the business an unattractive investment, such that the Company could not raise the needed additional share capital.

## 7. CONDUCT OF THE ADMINISTRATION

In summary, during our appointment we have attended to the following major tasks:

- Analysed the cashflow requirements for the ongoing trading of the business during VA upon appointment;
- Communicated with employees, creditors and suppliers in relation to the Administration and the continued trading of the business;
- Prepared circulars to shareholders regarding the administration, sale/restructure process and responded to queries;
- Liaised with Company's Directors to discuss the trading strategy, including revenues and trading costs;
- Engaging key suppliers in relation to set up VA trading accounts to enable continued trading;
- Teleconference with the Company's employees and contractors regarding the VA process;
- Advertised the Company's assets/business sale via Australian Financial Review;
- Liaised with interested parties in relation to the sale of the Company's assets/business;
- Prepared information necessary to run a data room and due diligence process;
- Liaised with the R&M office in relation to the handover of the control of the Company's business and assets;
- Issued correspondence to creditors, shareholders and interested parties in relation to the appointment of the R&M;
- Liaised with insurance broker to explore any potential insurance claims against the Company's pre-appointment policies;
- Obtained access to and copies of the Company's financial statements and management accounts;
- Reported to creditors and held the first meeting;
- Conducted investigations of the affairs of the Company, in particular the Company's solvency position, potential voidable transactions and other potential avenues of recoveries that may be available to a Liquidator;
- Liaised with the Directors regarding various queries on the Company's financial accounts, and requested further information as needed for our investigations;
- Explored possible options for a DOCA proposal with various parties, including the shareholders, the Directors and BP;
- Prepared this report and convened the second meeting of creditors; and
- Attended to various administrative matters.

## 8. TRADING DURING VOLUNTARY ADMINISTRATION

Upon our appointment, we immediately took steps to assess the Company's financial and operational position. The Company had recently ceased placing new loans with clients and had been focused on collection of the loan book.

Our enquiries indicated that substantial funds had historically been invested in the Company, and that we should explore ways to save the business via a restructure and/or sale. Accordingly, we continued to trade the business on this limited basis, and worked with the Directors urgently to secure the assets and prepare for a sale process. To this end, we retained certain key staff and contractual relationships essential to the loan management system and business fundamentals. We provided multiple updates to BP's representative, and we were advised that the secured creditor was supportive of the process being undertaken.

A sale of business advertisement was published in the Australian Financial Review and LinkedIn on 27 November 2023, inviting parties to register interest by 5 December 2023, and submit binding offers by 11 December 2023. There was substantial interest from parties operating in the finance sector, and we began to engage with these parties, including exchanging non-disclosure agreements and seeking refundable deposits. We also began assembling the suite of information necessary to run a data room for the sale process.

Unfortunately, and without warning, on 30 November 2023 we were advised that BP had appointed the R&M over all the Company's assets/business (the appointment we were advised had occurred late on 29 November 2023), and they had assumed control at that time. We requested that BP (via the R&M) pursue the sale in a co-ordinated manner as it may result in a DOCA as a manner to potentially improving the return to creditors. The R&M advised us to immediately cease any further work on our sale of business process, and we were also advised that BP would not contribute any further funds towards the Administration process.

The R&M advised that they would run their own separate sale process. The R&M also requested that we provide them details of all interested parties who had contacted us. After seeking advice in respect of privacy concerns, we provided the interested parties details to the R&M, and proceeded to return all deposits that had been received in our trust account.

We were later advised that the R&M had commenced another sale of business process, with another advertisement and separate timeline requiring offers by 15 December 2023. The R&M has not advised how their process has progressed, nor the outcome. We requested that the R&M advise if they anticipate that a sale would be sufficient to discharge the priority and secured creditor (BP) claims, however we have not received a response. For the purposes of this report, we have assumed that any sale completed by the R&M will not be sufficient to return the Company to solvency or provide a return to unsecured creditors.

We separately wrote to all interested parties, Directors, creditors, employees and shareholders inviting any party interested in putting forward a DOCA to urgently contact our office and submit a proposal by 11 December 2023. We note that from a commercial perspective, any DOCA proposal ought to be formulated in conjunction with an acquisition of the business, in order to preserve

underlying benefits held in the Company. Unfortunately, we have not received any DOCA proposal for creditors to consider, including from the Directors, BP or the R&M.

In terms of finalising our costs incurred during our period of control of the business (23 to 29 November 2023), we issued a circular to all known stakeholders requesting that they submit invoices for our consideration. This process is ongoing, and there are a number of suppliers which are disputing where their costs sit, as between the Company's exposure pre-appointment, Administration and R&M. This will be resolved in due course. In the interim, we continue to hold \$125K in the Administration bank account to cover our costs incurred prior to R&M appointment, pursuant to our statutory lien over circulating asset realisations.

Again, we request that any party with a claim for authorised costs that were incurred between 23 to 29 November 2023, to contact our office without delay. Costs incurred before this time (including contractual claims) are pre-appointment claims against the Company. Costs incurred from 30 November 2023 should be referred to the R&M.

## 9. HISTORICAL FINANCIAL INFORMATION

As mentioned previously, the Company operated on a 31 December financial year end. We have reviewed the Company's available management accounts for the period from 2019 to part-period ended 23 November 2023, and audited financial statements for the year ended 31 December 2022. We note that the management accounts were not audited, and only the 2022 year accounts were audited by the replacement auditor, BDO.

There are no alternative financial reports, and therefore we have prepared our financial analysis on the available information, which is discussed below.

### 9.1 BALANCE SHEETS

Attached as **Annexure "4"** is a comparative analysis of the Balance Sheets for the abovementioned periods.

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

- ▶ The Company's assets are largely represented by the loan books, which surged to circa \$36M as at 31 December 2021. Our investigations indicate that historically the loan practices did not focus on prudent credit assessments, which led to riskier loans being placed. As a result, when the new board reviewed the loans in detail, substantial provisions were raised against the old book of \$16.5M, back dated to December 2021. Those provisions against the old book increased to around \$21M by December 2022.
- ▶ After March 2022, the Company implemented stricter lending policies to reduce the risk of delinquent loans, however this meant that there were lower volumes placed and the "new book" stagnated at approximately \$3.8M at December 2022. The business continued to incur operating losses through 2022 into 2023, which reduced the cashflow available to issue new book loans. By November 2023, the new book size had shrunk to around \$2M, the returns



from which were insufficient to support the business. A new debt warehouse facility was required, which needed additional share capital to be injected – neither eventuated.

- ▶ The secured creditor, BP, provided a \$27M facility to the Company by December 2021. The Company negotiated a reduction and accommodation on the facility in early 2022, whereby \$15M was repaid from cash reserves in May 2022. As part of the 2022 restructure, BP was repaid \$3M, converted \$4M to preferential equity and extended repayment terms on \$5M (with interest) to March 2024. Shortly prior to our appointment, BP were paid another \$1.35M, and the balance owed is around \$4M (including \$350K of accrued interest). It appears that the Company was able to continue trading with BP's support by way of deferral and conversion to equity. However, by mid-2023, it appears that BP were no longer willing to offer support without fresh share capital being injected, and the Directors took steps to place the Company into Administration.
- ▶ The Company has operated akin to a start-up, where its loan book was not sufficient to support the cash burn in the business. The Company accumulated around \$55M in losses since 2019, which has been funded largely through issuing shares of \$55M. The majority of the share capital was raised via multiple placements after the Company became an unlisted public company on 1 January 2021, with approximately \$44M raised during 2021 and a further \$4M raised in December 2022 (through the restructure). The board was unsuccessful in its attempts to raise further share capital during 2023.

## 9.2 PROFIT AND LOSS STATEMENTS

Attached as **Annexure "5"** is a comparative analysis of the Profit and Loss Statements for the abovementioned periods.

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

- ▶ The growth in revenues in 2021 were indicative of the surge in loans being written. Unfortunately, that income was not sustainable due to the impairments in the old book. We understand that the trajectory of the revenue growth was a key selling point, when the former board sought to raise additional share capital. However, those figures were not audited and some shareholders have claimed that they were misled by misrepresentations in the past financial performance and projections. We do not have a view on such shareholder claims at this time.
- ▶ We note that the book value of the "old book" at December 2021 was \$36M (prior to any impairments) as discussed above. Once reviewed by the new board, it appears that the riskier loans required significant provisions \$16.5M, representing approximately 45% of the book value. This largely contributed to the reported \$25M loss in 2021.
- ▶ The Company had substantial staffing costs, including contractors and consultants, which accounted for 31% of total expenses in 2021 and 43% in 2022. These costs were extremely high for a business with limited revenues and significant impairment in the loan book.

Following the appointment of the new board and management, the operating costs were dramatically reduced from \$22M in 2022 to \$3.6M in 2023. We note that the board did not make any material loan impairments in 2023, per the management accounts.

- ▶ We note that the Company reported \$1.1M in R&D income in 2023. We are advised that this related to the 2022 period and has already been recovered by the Company via lodgement of its tax return. We understand that the R&D expenses incurred in 2023 were minimal and as such, there is unlikely to be a commercial recovery available.
- ▶ As mentioned above, the Company incurred substantial losses totalling approximately \$55M since its incorporation in 2019 to November 2023. The Company effectively operated as a start-up, with extremely high operating costs compared to revenues, and never traded profitably. Instead, the business losses were underwritten by shareholder funds (also totalling circa \$55M), which were raised in multiple tranches predominantly during 2021.

## 10. CURRENT FINANCIAL POSITION

Contained in this section is our analysis of the current financial position of the Company, with regard to the Directors' ROCAP, available financial records and our enquiries to date.

We have included below the assets and liabilities of the Company as reported in the Management Accounts as at 23 November 2023, the Directors' ROCAP and our projections as to likely current position.

We refer to the appointment of the R&M on 29 November 2023 and note that all Company's assets are in the control of the R&M.

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**BizPay Group Ltd (Administrators Appointed) (Receivers and Managers Appointed)**

**A.C.N. 633 797 627**

	Report Reference	Book Value as at 23/11/2023 (\$)	Directors' ERV (per ROCAP) (\$)	Administrators' ERV as at 23/11/2023 (\$)
<b>Assets</b>				
Cash and Cash Equivalents	10.1.1	768,222	726,124	707,552
Loans/Debtors				
Loans Receivable	10.1.2	7,620,731	18,033,451	18,033,451
Provision for Doubtful Debts		(4,928,486)	(17,002,111)	(17,002,111)
Rental Bond	10.1.3	34,241	34,240	-
Prepayments	10.1.4	73,134	-	-
Plant and Equipment	10.1.5	86,008	Unknown	10,000
Software & Website	10.1.6	875,588	Unknown	-
Right of Use Asset - Lease	10.1.7	82,857	Unknown	-
Trademark	10.1.8	96,620	Unknown	-
<b>Total Assets</b>		<b>4,708,915</b>	<b>1,791,703</b>	<b>1,748,891</b>
<b>Liabilities</b>				
Priority Creditors	10.2.1	104,862	149,733	410,968
Secured Creditors	10.2.2	3,997,660	3,650,000	3,650,000
Unsecured Creditors:	10.2.3	332,551	184,524	210,361
<b>Total Liabilities</b>		<b>4,435,074</b>	<b>3,984,257</b>	<b>4,271,328</b>
<b>Estimated Net Asset / (Deficiency)</b>		<b>273,841</b>	<b>(2,192,553)</b>	<b>(2,522,437)</b>

## 10.1 ASSETS

### 10.1.1 Cash and Cash Equivalents

The Company held funds with Westpac on our appointment of approximately \$364K, which the R&M is in the process of securing.

In addition, we held \$300K of the Company's funds in our firm's trust account when we were appointed. These trust funds were subsequently transferred to the Company's Administration bank account.

We note that we transferred \$175K to the R&M bank account following their appointment. The balance of \$125K is currently retained in the Company's Administration account, to secure our lien over circulating assets for costs incurred prior to the R&M appointment.

We note that the Company's lawyers, W Advisers, held \$77K in trust upon our appointment. We note that W Advisers may apply a partial lien against those trust funds, in respect of a minor amount of unpaid costs incurred prior to our appointment.

Our enquiries have not located any other bank accounts held by the Company.

### 10.1.2 Loans/Debtors

The Directors have indicated loans/debtors were materially impaired due to poor lending practices. The Directors advised that they had conducted a loan by loan review which resulted in provisions being raised in excess of \$21M. The loan books were categorised as “old book” and “new book”, in effect reflecting those loans written under the old management led by former CEO David Price, versus new loans issued under the current board and management. The vast bulk of the impairments appear to relate to the old book.

On further enquiry the Directors have indicated that the previous management had a lower focus on proper credit assessment, risk fundamentals and documentation was poorly maintained. Furthermore, the impact of Covid-19 pandemic caused impairment and hardship deferrals, and it appears lending was pursued with less desirable customers.

It is possible that prior to 2022, the commercial focus was on placing higher volumes of loans, to improve the perceived value of the business when pursuing a listing of the Company, which did not eventuate. The review and loan impairments appear to have been actioned by the new board during 2022, and not prior. We received certain information from David Price regarding the historical credit assessment and loan provisioning processes. Further investigations may be required in a Liquidation, if any claims are to be pursued.

We note that as part of the restructure which occurred in late 2022, further share capital was issued. We understand that \$300K remains unpaid in respect of the share capital, which is reportedly owed by one of the Directors, and may be subject to dispute.

All debtors and loans are under the control of the R&M, and we have requested that they advise their estimate of the realisable value. To date, we have not had a response. We are unable to comment further at this time, other than to note that the Directors have attributed a recoverable value of approximately \$1M to all debtors, which we have used in this report for illustrative purposes. We do not anticipate the recovery (in aggregate) will be sufficient to discharge the secured debts owed to BP.

### 10.1.3 Rental Bond

The Company had \$34K with Westpac as a term deposit, which was held as a bank guarantee for the sub-leased premises. We are advised that the R&M has abandoned the sub-leased premises and therefore it is likely that the landlord will claim this bank guarantee against the balance of the sub-lease obligations, including reletting costs.

### 10.1.4 Prepayments

The Directors have advised that the prepayments are in relation to the following:

- A sum of \$51K with respect to legal costs to arrange the debt facilities with BP, which were capitalised and are not recoverable; and
- A sum of \$22K with respect to prepaid IT services, which are also unlikely to be recoverable in the circumstances where the R&M has terminated contracts.

We consider it unlikely that there will be any material recovery from prepayments.

#### **10.1.5 Plant & Equipment**

The Company's management accounts indicates that these assets primarily consisted of furniture, office and IT equipment with a written down value of \$86K. We visually inspected the assets located in the sub-leased premises and requested staff return IT equipment. We anticipate that there is minimal realisable value in a forced sale scenario.

The R&M is currently running a sale process and it is unclear what value can be extracted. We have estimated \$10K (net of realisation costs) for illustrative purposes only, noting that we have not obtained an independent valuation. The Directors did not attribute a value to the PPE in their ROCAP.

#### **10.1.6 Software & Website**

The management accounts record that the Company historically spent around \$4.1M developing loan management software and its website. After depreciation and certain impairments, the written down value of those assets is approximately \$875K. The realisable value of these assets is inherently dependent on the value any buyer may place on the underlying loan business.

We had commenced a process to sell the business, which ceased upon the R&M appointment. The R&M have since commenced their own sale process, and it is currently unknown what value can be extracted. The Directors did not attribute a value to the Software & Website in their ROCAP. We do not anticipate the recovery (in aggregate) will be sufficient to discharge the secured debts owed to BP.

#### **10.1.7 Right of Use Asset – Lease**

The Directors have advised that the "Right of Use Asset – Lease" \$82K is in relation to the unamortised asset value for the 12 month rental of the Company's sub-leased premises. The premises were abandoned by the R&M, and therefore we do not anticipate a recovery from this asset.

#### **10.1.8 Trademark**

Our investigations indicate that this is the capitalised costs incurred in registering Trademarks for the business. We understand that this asset is be offered for sale by the R&M with the intellectual property of the business. That sale process is ongoing, and it is currently unknown what value can be extracted. We do not anticipate the recovery (in aggregate) will be sufficient to discharge the secured debts owed to BP.

### **10.2 LIABILITIES**

#### **10.2.1 Priority Creditors**

Upon our appointment, the Company's management provided us a schedule of the priority creditor claims they believe were owed by the Company. We also received a significant claim from the Company's former Director and CEO, David Price, in respect of various asserted claims. We have not adjudicated any of the claims, as they fall part of the R&M duties, in terms of dealing with the circulating asset realisations.

Below is summary of the potential priority claims, with an estimate of those claims which may be excluded due to the employees previously being current or former officers of the Company:

Entitlements	Administrators' ERV \$	
	Non-Excluded Employees	Excluded Employees
Wages	-	205,442
Superannuation	21,657	4,400
Annual Leave	81,124	6,989
Payment in Lieu of Notice	77,509	13,846
<b>Total</b>	<b>180,291</b>	<b>230,677</b>

We provide our commentary on the above as follows:

- The Directors have advised the Company employed eleven (11) staff members (which included one Director) as at our appointment. In addition, the Company engaged four (4) contractors, which we understand will not have priority claim rights. The Directors have advised that the majority of staff were paid up to 30 November 2023.
- The R&M have advised that they have terminated all employees and contractors, except two staff members who have been retained to assist with collection of the loan books.
- Pursuant to Section 561 of the Act, the claims of priority creditors are to be paid ahead of secured creditors in respect of realisation from circulating assets (i.e. cash at bank and loan recoveries). In this regard, the R&M have advised that they will be formally adjudicating claims before distributing any funds.
- As mentioned above, the former director and CEO David Price lodged a claim for approximately \$205K shortly after our appointment. The claim has a variety of components, including allegations of unfair dismissal. The claim was not recorded in the Company's management accounts. We made preliminary enquiries with the current Directors, who appear to dispute the claim, but did not provide specifics. We note that there a variety of allegations in respect of the management of the business whilst under David Price's control, where substantial portion of the loan books have become impaired. We do not have a view on the validity of David Price's claim at this time, and note that the R&M will need to adjudicate same in terms of distributing the funds realised from the circulating assets.
- In the above analysis, we have attributed the claims of the current and former Directors as being Excluded Employee claims pursuant to 556 of the Act for reporting purposes only. Again, the R&M are adjudicating the priority creditor claims, and the actual position will be determined in due course.

#### Fair Entitlements Guarantee

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

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

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

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

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

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

FEG will not cover:

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

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

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

As discussed above, the R&M have advised that they will be assessing priority creditors claims and liaise with FEG regarding entitlements if priority claims are not able to be paid within 16 weeks.

### 10.2.2 Secured Creditors

As disclosed previously, one (1) party, BP, has registered security interests against the Company on the PPSR. The historical financial records indicates that BP advanced material funds to the Company in 2021, with a facility in the order of \$27M. Around \$15M of that loan was repaid in June 2022, with a further \$4M converted to preferential equity in December 2022, as part of the restructure. The remaining balance of approximately \$5M, was partially repaid to approximately \$3.65M by the time of our appointment.

We note that BP registered charges on the PPSR for its debts. On 29 November 2023, BP exercised its security, and appointed the R&M over the Company and its assets. We are advised by the R&M that BP's charges were in order and their security is valid. This is consistent with the representations of the Directors and their legal advisers prior to our appointment.

We have requested that the R&M advise whether they anticipate if BP's debts will be discharged from the sale of the Company's assets. We are yet to receive a response. For the purposes of this report, we have assumed that BP's security is valid and that their debts will not be discharged in full from the R&M's realisation of the Company's assets.

### 10.2.3 Unsecured Creditors

Unsecured Creditors may be owed approximately \$210K, subject to further enquiries and adjudication of claims. Below is a breakdown:

Entitlements	Administrators' ERV \$
Statutory Creditors	22,016
Contractors	40,912
Other Trade Creditors	147,433
<b>Total</b>	<b>210,361</b>

We provide our commentary as follows:

- The Directors' ROCAP disclosed tax debts owed to the ATO of circa \$22K which are in relation to tax debts payable as reported on the September 2023 business activity statement. We have not received a POD from the ATO.
- The estimated claims from contractors relate to contractual rights on termination, such as unpaid notice.
- Other unsecured creditors consist of various sundry debts incurred, which are mainly outstanding charges from providers for various IT application for the Company's loan trading platform.



- As mentioned above, certain Excluded Employee claims may be treated as unsecured claims and would be added to the above. Those estimates have been discussed earlier, which will be assessed by the R&M in terms of the priority claim elements.

## 11. EXPLANATION OF DEFICIENCY

Attached as **Annexure “6”** is the deficiency statement based on pessimistic scenario estimates. We note that the deficiency for the Company’s creditors is circa \$2.5M, before the costs of the Administration and R&M. Summarised below is the key aspects of the deficiency:

Summary of deficiency	Amount \$
Accumulated Losses	54,428,580
Less: Loss on paid up share capital	(54,702,421)
Add: Loss on Realisation of Assets	2,960,023
Less: Overstated Liabilities	(163,510)
	<b>2,522,672</b>

We note that the deficiency is predominantly represented by the accumulated losses, particularly in relation to the significant loan impairments which exceeded \$21M. Further, the disproportionately high operating expenses in 2021 and 2022, contributed to the accumulated trading losses. The shareholders have effectively funded these losses, to the extent of \$55M in paid up share capital. The residual loss will likely be borne by BP (subject to the outcome of the R&M’s sale process), with only a minor amount reportedly owed to unsecured creditors.

## 12. PRELIMINARY INVESTIGATIONS

### 12.1 OVERVIEW

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

### 12.2 INVESTIGATION CONSTRAINTS

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

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

### 12.3 BOOKS AND RECORDS

Section 286 of the Act provides that:

“A company, registered scheme or disclosing entity must keep written financial records that:

- (a) correctly record and explain its transactions and financial position and performance; and
- (b) would enable true and fair financial statements to be prepared and audited.”

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

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

- ▲ Access to the Company’s management accounts maintained via Xero, for the 2023 year;
- ▲ Externally prepared audited financial statements for the year ended 31 December 2022;
- ▲ Unaudited financial statements for the year ended 31 December 2021 and earlier;
- ▲ Loan documents;
- ▲ Employee contracts;
- ▲ Payroll records;
- ▲ Agreements with service providers;
- ▲ Invoices;
- ▲ Loan management system & ledger summaries;
- ▲ Bank statement and transaction documentation; and
- ▲ Various other financial records and correspondence.

The records appear to be reasonably complete and reliable. Accordingly, our preliminary view is that the Company has kept sufficient books and records to meet the requirements of Section 286 of the Act.

#### **12.4 RISK OF LITIGATION ACTION GENERALLY**

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

Creditors should note that recovery actions:

- ▲ have the potential to increase the pool of funds available to Creditors;
- ▲ are usually expensive, lengthy and have unpredictable outcomes;
- ▲ should not be commenced unless defendants have the financial resources to satisfy any judgement; and

- ▶ must be funded out of the Company's existing assets or, where such assets do not exist, by Creditors or by external litigation funders (who are likely to require a significant share of the proceeds of any judgement as a condition of funding the litigation).

## 12.5 INSOLVENCY & INSOLVENT TRADING (SECTION 588G)

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

### 12.5.1 What Is Insolvent Trading?

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

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

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

A Liquidator pursuing a claim must:

- ▶ demonstrate Insolvency
- ▶ show that the Director(s) suspected, or should have suspected, insolvency
- ▶ show that a debt or liability was incurred
- ▶ show the debt or liability has not been paid, so that the creditor has suffered loss.

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

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

- ▶ the Director may assert a defence that they have relief from insolvent trading by way of using the Safe Harbour regime contained in the Corporations Act; and/or
- ▶ the government provided legislative relief from insolvent trading from March to December 2020 in response to the COVID-19 pandemic.

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

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

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

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

### 12.5.2 Insolvency

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

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

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

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

Under Australian law, the test of insolvency is a "cashflow" test: it is focused on whether, in commercial reality, a company is able to meet its liabilities as and when they fall due for payment. The forensic assessment of insolvency, and preparation of a case on insolvency, involves a thorough, and costly, examination of the Company's business, its market, its relationships with its customers, lenders, suppliers, owners and with regulators. Where a Company has had expectations of support from related parties, that support is a factor that has to be considered in the context of insolvency.

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

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

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

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

### 12.5.3 Director's Knowledge

As well as insolvency, a Liquidator must also show when the Director suspected, or ought to have suspected, that the Company was insolvent. If a claim is brought, this will normally involve the comprehensive review of company records to show when the Director(s) first learnt of circumstances that could indicate insolvency. That review is typically thorough and expensive. Again, for the purpose of reporting to you we are required to make a summary assessment of when suspicions were or should have been formed. We have set out our views in this respect below as well.

### 12.5.4 Loss

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

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

### 12.5.5 Litigation and Funding

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

Funding of this sort can be arranged as follows:

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

### 12.5.6 Legal controversy

There are two (2) controversial areas of insolvency law that bear on the Company. These are:

- ▲ Set-off. Traditionally courts have not allowed set-off of claims such as those for Insolvent Trading. However, in modern cases the Courts have been more generous to parties owing money to an insolvent Company. They have said they would allow the setting off of claims by parties liable to make payments to Liquidators of amounts owed to them by the insolvent Company. This matter remains an unresolved issue at law.
- ▲ Financial Support. Until 1993, the test of insolvency in Australia required that a Company be able to meet its liabilities *from its own monies*. This requirement was removed in 1993. Subsequently, the Courts have held that the provision of “financial support” by a related party can be a basis on which a Company is solvent when, without that support, it would clearly be insolvent. Where solvency is disputed, the Court’s inquiry needs to

extend to the nature and extent of that support. This remains a controversial issue in insolvency law.

## 12.6 ASSESSMENT OF INSOLVENCY

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

Based on our investigations conducted to date, it is our preliminary view that the Company became insolvent on a cashflow basis on or around 23 November 2023 when it was placed into Administration.

By way of background, we note that our investigations indicate the Company was likely insolvent from December 2020 until around December 2022, when a restructure took place resolving critical debt obligations. The 2022 restructure involved raising \$4M of new share capital, from which \$3M of secured debts were repaid and \$4M of the remaining secured debts were converted to equity. The Company remained solvent on a cashflow basis thereafter, being able to satisfy trading debts incurred as they became due for payment.

We note however that the Company was likely insolvent on a balance sheet basis earlier (by around September 2023), when the debts owed to BP are included as near-term obligations as it was known by that time that the further share capital was unable to be raised. This may give rise to potential breach of duty claims, which is discussed later.

Our assessment of the Company's solvency is detailed below.

### 12.6.1 Working Capital Analysis

We refer to Section 9 regarding our commentary of the Company's historical financial position and financial performance and Section 10.1.2 regarding our assessment on the recoverability of loans/debtors.

The working capital analysis has been prepared based on our review of the Company's available financial statements and management accounts. The unadjusted position is summarised below, which indicates a deficiency from December 2020 to September 2023, and a minor surplus as November 2023.

Working Capital Analysis	23 Nov 2023	30 Sep 2023	30 Jun 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Dec 2021	30 Jun 2021	31 Dec 2020
Current Assets	3,245,059	4,252,836	3,709,401	4,813,519	9,893,818	14,995,957	20,232,852	32,811,842	5,648,435
Current Liabilities	3,087,413	4,815,038	4,847,842	4,993,934	14,438,040	15,116,331	29,366,292	28,060,482	11,421,903
Working Capital	157,646	(562,202)	(1,138,441)	(180,416)	(4,544,221)	(120,374)	(9,133,440)	4,751,360	(5,773,468)
Current Ratio	1.05	0.88	0.77	0.96	0.69	0.99	0.69	1.17	0.49

However, the Company's management accounts need to be adjusted to reflect the factual circumstances over time. Those adjustments are as follows:

- ▶ Certain current assets which are unrealisable need to be deducted, such as prepayments, rent and other deposits.
- ▶ Adjustments are needed to allow for loan book impairments retrospectively, as the previous board had not recognised any material bad debts. We note that in 2022 the new board reviewed the loan books and made provisions for impairments of \$16.5M, where those loans related to the 2021 year and earlier. We also note that the 2021 auditor, EY, expressed concern as to Company's solvency at that time and reported those concerns to ASIC.
- ▶ Adjustment have been made to allow for the repayment, deferral and conversion of the secured debts owed to BP. We note that the new board negotiated an extension of the BP secured debt facility in March 2022, which was conditional on certain key milestones being achieved:
  - In May 2022, a sum of \$15M was repaid to the secured creditor as loan repayment;
  - New share capital was raised, allowing for \$3M repayment of the secured debts and conversion of \$4M of BP's debt to preferential equity; and
  - The balance of the secured debts of \$5M to carry interest and have a maturity of March 2024.
- ▶ Further adjustments have been made to allow for retrospective recognition of loan impairments which were not historically provisioned. These adjustments are based on the Directors' ROCAP figures, applied to the 2023 year, where otherwise the last material provision was made at December 2022.
- ▶ On 23 November 2023, loans provided by the secured creditors became immediately due and payable pursuant to the Company's default by appointing Administrators.

The adjusted working capital analysis is summarised below:

Adjusted Working Capital Analysis	23 Nov 2023	30 Sep 2023	30 Jun 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Dec 2021	30 Jun 2021	31 Dec 2020
Current Assets as per Management Accounts	3,245,059	4,252,836	3,709,401	4,813,519	9,893,818	14,995,957	20,232,852	32,811,842	5,648,435
Less Unrealisable Assets (prepayments, rent & other)	(126,411)	(120,757)	(86,266)	(90,736)	(475,383)	(651,989)	(466,829)	(297,857)	(53,000)
Less Impairment of Loans	(1,660,906)	(1,660,906)	(1,660,906)					(16,500,000)	
<b>Adjusted Current Assets</b>	<b>1,457,743</b>	<b>2,471,173</b>	<b>1,962,229</b>	<b>4,722,783</b>	<b>9,418,435</b>	<b>14,343,967</b>	<b>19,766,022</b>	<b>16,013,985</b>	<b>5,595,435</b>
Current Liabilities as per Management Accounts	3,087,413	4,815,038	4,847,842	4,993,934	14,438,040	15,116,331	29,366,292	28,060,482	11,421,903
Adjustment for Finance Loans	1,347,660	(4,000,000)	(4,000,000)	(4,000,000)	-	-	-	-	-
<b>Adjusted Current Liabilities</b>	<b>4,435,074</b>	<b>815,038</b>	<b>847,842</b>	<b>993,934</b>	<b>14,438,040</b>	<b>15,116,331</b>	<b>29,366,292</b>	<b>28,060,482</b>	<b>11,421,903</b>
<b>Adjusted Working Capital</b>	<b>(2,977,331)</b>	<b>1,656,135</b>	<b>1,114,387</b>	<b>3,728,848</b>	<b>(5,019,604)</b>	<b>(772,363)</b>	<b>(9,600,269)</b>	<b>(12,046,497)</b>	<b>(5,826,468)</b>
<b>Adjusted Current Ratio</b>	<b>0.33</b>	<b>3.03</b>	<b>2.31</b>	<b>4.75</b>	<b>0.65</b>	<b>0.95</b>	<b>0.67</b>	<b>0.57</b>	<b>0.49</b>

The working capital analysis indicates the Company had a working capital deficiency since December 2020 until around December 2022. However, the working capital deficiency was remedied following the 2022 restructure, which resulted in new capital being injected, secured debts deferred (in part) and converted to equity (in part). The Company appears to have had sufficient funds available during 2023 to satisfy immediate trading debts incurred in the ordinary course, until the secured debts became due and payable following the Company's default (which otherwise did not mature until March 2024).



## 12.6.2 Balance Sheet Analysis

We refer to Section 9 regarding our commentary of the Company's historical financial position and financial performance and Section 12.6.1 regarding our commentary of adjustments for unrealisable assets and impairment of loans.

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

	23 Nov 2023	30 Sep 2023	30 Jun 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Dec 2021	30 Jun 2021	31 Dec 2020
Total Assets as per Management Accounts	4,708,915	7,042,282	7,234,257	9,127,663	13,437,799	20,219,441	42,870,053	53,694,049	8,616,084
Less Unrealisable Assets (prepayments, rent & other)	(126,411)	(120,757)	(86,266)	(90,736)	(475,383)	(651,989)	(466,829)	(297,857)	(53,000)
Less Impairment of Loans	(1,660,906)	(1,660,906)	(1,660,906)	-	-	-	-	(16,500,000)	-
<b>Adjusted Total Assets</b>	<b>2,921,598</b>	<b>5,260,619</b>	<b>5,487,085</b>	<b>9,036,927</b>	<b>12,962,416</b>	<b>19,567,451</b>	<b>42,403,224</b>	<b>36,896,192</b>	<b>8,563,084</b>
Adjusted Total Assets	2,921,598	5,260,619	5,487,085	9,036,927	12,962,416	19,567,451	42,403,224	36,896,192	8,563,084
Total Liabilities	4,435,074	6,132,348	9,285,991	10,194,317	16,591,973	17,207,887	29,453,575	27,163,978	14,576,903
<b>Adjusted Net Assets Position</b>	<b>(1,513,476)</b>	<b>(871,730)</b>	<b>(3,798,906)</b>	<b>(1,157,390)</b>	<b>(3,629,557)</b>	<b>2,359,564</b>	<b>12,949,649</b>	<b>9,732,214</b>	<b>(6,013,819)</b>

Therefore, the Company appears to report a deficiency in net assets since at least September 2022. We note that the net asset deficiency includes the BP secured debts, which were not due for repayment until March 2024.

Considering the Company's evolving financial position during 2023, where it continued to incur losses, identified loan impairments and could not raise additional share capital, our preliminary view is the Company was likely insolvent on a balance sheet basis since September 2023. Our enquiries indicate that the board had been attempting to raise capital since June 2023, consistent with the auditor's qualified report in respect of going concern. By September 2023 the board and BP (via its board representative) knew that the Company could not raise additional share capital, which was needed to repay BP's debt and satisfy the continuing trading losses, and the primary assets (loan books) were insufficient to discharge BP's debts in isolation. As such, trading debts to unsecured creditors that continued to be incurred, had little prospect of being repaid and this may give rise to potential breach of duty claims (discussed later).

## 12.6.3 Indicators of Insolvency

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

- ▲ The Company does not appear to have ever traded profitably, and instead incurred substantial trading losses totalling circa \$55M since incorporation. The losses were largely recognised after the new board conducted an assessment of the loan books, and recorded provisions totalling around \$21M.
- ▲ In December 2021, the Company's auditor for the 2021 year, EY, raised solvency concerns and reported same to ASIC. The 2021 audit was never completed and the replacement auditor BDO would not sign-off on the prior period figures.
- ▲ The new board was installed in March 2022, after shareholders lost confidence in the previous board led by David Price. The new board reduced costs and pursued an operational restructure to reduce the cash burn rate (trading losses). The new board also sought accommodations from the secured creditor BP to alleviate debt burden.

- In April 2022, the Company and its board engaged Cathro Partners to provide safe harbour advice in relation to the Company's solvency position.
- From mid-2022 it appears that the Company changed its lending model, reducing risks and impairments. However, the loan book was not large enough to generate sufficient returns to satisfy the operating costs, and needed to substantially grow to be viable.
- In December 2022, the Company completed a restructure, which resulted in \$4M being raised in new share capital, from which \$3M was used to partially repay BP's secured debt. BP also converted \$4M of its existing debt to equity, and extended the maturity date on the residual debts of \$5M to March 2024.
- On 16 May 2023, the Company's auditor, BDO, completed the audit for the financial year ended 31 December 2022. BDO expressed a qualified opinion with respect to the Company's solvency position, noting the need to raise further capital.
- During 2023, the cost reductions continued and it appears that the Company was able to discharge debts as and when they fell due for payment.
- Ongoing assessment of the loan books during 2023 identified that the recoveries would be insufficient to discharge BP debts in full, which were maturing in March 2024. The deficiency was emphasised in August 2023, when the board identified that a major debtor, NLS, had been involved in an alleged fraud and the loan of \$675K owed to the Company was likely impaired. We are advised that BP were aware of the loan impairments, via their representative being an observer at board meetings and also privy to board papers.
- The new board sought to raise additional capital from June to September 2023 and negotiate further accommodation with secured creditor, BP. Ultimately, this proved unsuccessful.

In light of the above, it is our preliminary view that the Company was likely insolvent on a cashflow basis from around December 2020 until December 2022. However, the Company returned to solvency in around December 2022, when the 2022 restructure was completed seeing new capital injected into the business. The Company appears to have remained solvent on a cashflow basis thereafter, being able to satisfy trading debts incurred as they became due for payment.

However, by around September 2023, after it was apparent that further capital raise was not feasible and the recoverable value of the loan books were insufficient to discharge maturing BP debts, the Company became insolvent on a balance sheet basis at that time.

#### 12.6.4 Potential Amount of Claim

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

Our preliminary view is that the Company was solvent on a cashflow basis until the appointment of the Administrators, however was balance sheet insolvent from September 2023. The debts owed to

unsecured creditors that were incurred after September 2023 are approximately \$143K. Whilst we do not consider that there is a viable insolvent trading claim to pursue, there may be breach of director duties claim which is discussed further in Section 14 of this report.

If the Company is placed into Liquidation, a Liquidator may conduct further enquiries on the solvency and claims.

### 12.6.5 Defences Available

As discussed above, there is no potential insolvent trading claims according to our preliminary investigations on the Company's solvency position. However, should further investigations be conducted and indicate an insolvent trading claim might be available to pursue, we note that a defence is available under the Act where a director can establish:

- There were reasonable grounds to expect that the company was solvent, and they actually did so expect;
- They did not take part in management for illness or some other good reason;
- They took all reasonable steps to prevent the company incurring the debt; or
- If the Director availed himself of the protections under the Safe Harbour regime.

Our preliminary enquiries indicate that from June to September 2023, the Directors were actively seeking to raise additional share capital and/or obtain further accommodations from BP, following which it appears that the board knew or ought to have known that it was not viable. Thereafter, their focus turned to pursuing a restructure via a Voluntary Administration process, and similarly BP began discussing exercising its rights to appoint a Receiver. The reasonable belief of solvency would have fallen away by at least September 2023.

Furthermore, we are advised that the Directors did not enliven the protections of the Safe Harbour regime after September 2023.

Whilst an insolvent trading claim is possible, the costs involved make it uncommercial given the size of the claim. A breach of duty claim may be an alternative, again subject to commerciality concerns. A Liquidator (or perhaps R&M) would need to consider such claims in due course, including assessing recoverability.

## 13. VOIDABLE TRANSACTIONS

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

These transactions usually relate to the period six (6) months prior to the date of our appointment; however, in certain circumstances, this period can be extended to four (4) years in relation to

transactions with related entities and up to ten (10) years if the transactions were entered into with related parties with the intention of fraud.

ARITA has issued a creditor information sheet “Offences, Recoverable Transactions and Insolvent Trading” providing further information about voidable transactions. This information sheet is attached as **Annexure “12”**.

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

## **13.1 VOIDABLE TRANSACTION PROVISIONS**

### **13.1.1 Unreasonable Director Related Transactions (S588FDA)**

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

- The transaction is a payment, a conveyance, transfer or disposition of property, the issue of securities, or incurring of an obligation to make a payment, disposition or issue by the Company.
- The transaction is to a Director or close associate of the Director or for their benefit.
- A reasonable person in the Company’s circumstances would not have entered into the transaction having regard to the benefit or detriment to the Company or other parties involved in the transaction.
- The transaction was entered into during the four (4) years leading to our appointment.

The Company’s management accounts record an irregular payment to the former Director and CEO, David Price, for the sum of \$118,200 in March 2022. Based on the records, it is unclear it was paid for a proper business related purpose. Subject to what evidence is identified to support the transaction, it may be recoverable as an unreasonable director related transaction.

Further, the management accounts indicate substantial payments for consulting and professional fees to related parties (or associated parties). The transactions may relate to work undertaken to recover loans, however minimal recoveries resulted. The records do not appear to adequately explain the commercial values involved. Again, subject to what evidence is identified to support the transactions, some may be recoverable as an unreasonable director related transactions.

Subject to funding being available, further investigations ought to be undertaken in a Liquidation scenario.

### **13.1.2 Unfair Preferences**

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

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

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

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

We refer to our previous discussion in relation to our preliminary investigations on the Company's solvency position. It is our preliminary view that the Company returned to solvency in around December 2022, when the 2022 restructure was completed seeing new capital injected into the business. The Company appears to have remained solvent on a cashflow basis thereafter, being able to satisfy trading debts incurred as they became due for payment.

Therefore, at this time, we have not identified any unfair preference claims to pursue. If the view on solvency changes, then it is possible that unfair preference payments may be identified.

If the Company is placed into Liquidation, and subject to funding, a Liquidator may conduct further enquiries on the solvency position of the Company and potential recoveries.

### 13.1.3 Unfair Loans (S588FD)

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

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

Our preliminary investigations have not identified any unfair loans.

### 13.1.4 Uncommercial Transactions

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

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

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

We refer to our previous discussion in relation to our preliminary investigations on the Company's solvency position. It is our preliminary view that the Company returned to solvency in around December 2022, when the 2022 restructure was completed seeing new capital injected into the business. The Company appears to have remained solvent on a cashflow basis thereafter, being able to satisfy trading debts incurred as they became due for payment.

Therefore, at this time, we have not identified any uncommercial transaction claims to pursue. If the view on solvency changes, then it is possible that uncommercial transactions may be identified.

If the Company is placed into Liquidation, and subject to funding, a Liquidator may conduct further enquiries on the solvency position of the Company and potential recoveries.

#### **13.1.5 Discharge of Related Party Debts (S588FH)**

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

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

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

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

We have not identified any securities registered within six (6) months before the relation-back day.

### **14. BREACH OF DUTY CLAIMS**

We have considered whether there are any potential breach of duty claims to be pursued against the Directors or other parties.

As discussed above, the Company was likely insolvent on a balance sheet basis since September 2023, which the Directors and BP knew or ought to have known. By continuing to incur debts after this time they arguably caused loss to those unsecured creditors, as they had little prospect of being repaid, noting that recoverable value of the Company's assets (in particular the loan books) were understood to be insufficient to discharge BP's secured debts. Practically, the Directors could have mitigated the loss suffered by the unsecured creditors, by not incurring further credit such as by prepaying for services - however this did not occur.

Accordingly, it is our preliminary view that in continuing to incur trade debts when the Directors ought to have known that they would not be discharged, the Directors may have breached their duties, where they have arguably:

- ▲ Failed to act with reasonable care and diligence; and
- ▲ Failed to act in good faith.

The loss suffered by creditors in respect of this conduct is represented by the trade debts incurred during the period from October to November 2023 which remain outstanding, being approximately \$143K.

We note that the Directors may seek to argue defences if a claim is brought, such as the business judgement rule. In this regard, we note that from October 2023, the Directors focus turned to pursuing a restructure via a Voluntary Administration process, and similarly BP began discussing exercising its rights to appoint a Receiver. The interests of all parties is relevant to consider, not only secured creditor interests, which appear to have been served by the unsecured trading debts continuing to be incurred. This would have to be considered further by a Liquidator or R&M in due course, and having regard to the commercial values involved, which may not support litigation being pursued.

We note that BP had an observer on the board, and was privy to the Company's deteriorating financial position, its inability to raise fresh capital and the value of the Company's realisable assets against its security. BP did not take steps to enforce against its security until after our appointment. A Liquidator would need to consider if BP ought to be partly responsible for the loss suffered by creditors.

We discussed earlier in the report, potential claims from shareholders in respect of alleged misrepresentations when the Company raised share capital in 2020 and 2021. We are aware of two groups of shareholders that notified the Company of such claims, seeking to recover the value of their investment. Those claims were not settled or abandoned. We have not had the benefit of any legal advice on the merits of those potential claims. However, with the benefit of hindsight, it is apparent that there were substantial impairments in the old loan book, the extent of which does not appear to have been disclosed when the capital was being raised. If valid, we understand that those claims could arguably be pursued as breach of duty claims against the officers at the time, and/or the Company. We are not in a position to quantify that exposure at this time.

We have also made enquiries in respect of any D&O insurance policies that were in place. We have obtained documentation that indicates that D&O policies were acquired in the past. However, there is confusion between the former broker and the Company as to what policies were validly acquired, and furthermore what exclusions may apply. A Liquidator or the R&M (subject to funding) may explore those policies further, in case they may respond to potential creditor claims.

We include the above commentary of potential breach of duty claims for transparency. We note that there are commerciality concerns and we do not have sufficient information to quantify any recoverable value for creditors at this time. Subject to funding being available, further investigations are required if the Company is placed into Liquidation.

## 15. SUMMARY OF POTENTIAL OFFENCES

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

Section	Potential Offence Identified	Summary of Offence
180	Failure to exercise reasonable care and diligence in discharge of Director's duties	Incurring trade debts when balance sheet insolvent  Misrepresentations of the Company's financial position when raising share capital
181	Failure to act in good faith	Incurring trade debts when balance sheet insolvent  Misrepresentations of the Company's financial position when raising share capital

## 15.1 REPORT TO ASIC

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

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

## 16. ESTIMATED RETURN TO CREDITORS

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

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

Set out in **Annexure "7"** is an analysis of the estimated returns that may be available to creditors under a Liquidation scenario noting that we have not received a DOCA proposal. Please note these figures are estimates only, and the actual results may vary materially, having regard to earlier discussion on the Contingent Claims.

In summary, the estimated return are as follows:

Summary of Return to Creditors	Liquidation High Cents/\$	Liquidation Low Cents/\$
Secured Creditors	33	21
Priority Creditors	100	100
Unsecured Creditors	Unknown	Nil



We note that the above returns are estimates only, and are subject to various estimates and assumptions which may ultimately prove to be inaccurate. As such, the returns to creditors may vary from those above. In particular, we refer to previous discussions on our preliminary investigations into the Company's solvency position and potential recovery actions in the liquidation and note that any return to unsecured creditors in liquidation is contingent and subject to further investigations and available funding to pursue should any claims be identified if the Company is placed into liquidation.

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

## 17. RECOMMENDATION OF ADMINISTRATORS

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

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

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

### 17.1 DEED OF COMPANY ARRANGEMENT

As discussed in Section 8, we have written to all interested parties, Directors, creditors, employees, BP, the R&M and shareholders inviting any party interested in putting forward a DOCA to urgently contact our office and submit a proposal by 11 December 2023. We note that from a commercial perspective, any DOCA proposal ought to be formulated in conjunction with an acquisition of the business, in order to preserve underlying benefits held in the Company.

Unfortunately, we have not received any DOCA proposal for creditors to consider, including from the Directors, BP or the R&M. As such, a DOCA is not available for creditors to consider.

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

### 17.2 ADMINISTRATION TO END

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

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

**We do not recommend that creditors resolve the Administration end on the basis that the Company is insolvent.**

### 17.3 LIQUIDATION

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

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

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

### 18. RECEIPTS AND PAYMENTS

The receipts and payments up to date of this report are attached as "Annexure 8".

### 19. REMUNERATION OF ADMINISTRATORS / LIQUIDATORS

In compliance with the ARITA Code of Professional Practice and the requirements of the Act, we are required to provide detailed information in respect of our remuneration. We attach our Remuneration Approval Report as **Annexure "9"** which details the major tasks that have been and will be conducted in this administration. Our remuneration is calculated on the time spent by staff at hourly rates used by BRI Ferrier, as detailed in our Remuneration Matrix. This document is contained within the Remuneration Report. In addition, a schedule of hourly rates are attached as **Annexure "10"**.

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

We note that, given the appointment of the R&M, our remuneration incurred for the period from 23 November 2023 to 29 November 2023 has priority pursuant to s443E of the Act and will be paid from the Company's circulating assets. As such, as previously discussed, a sum of \$125K is currently retained in the Company's Administration bank account, to secure our statutory lien over circulating assets for our remuneration and costs incurred prior to the appointment of the R&M. We further note that, there is currently no funds to discharge our remuneration and costs incurred after 29 November 2023.

For Creditors' information, ASIC information sheets (**Annexure "11"**) that relate to specific circumstances once an insolvency practitioner is appointed to a Company and approval of remuneration can be found at the following websites:

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

## 19.1 VOLUNTARY ADMINISTRATION PERIOD

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

Please refer to the Remuneration Approval Report, attached as **Annexure "9"** for further details.

## 19.2 LIQUIDATION PERIOD

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

If we are to be appointed Liquidators, we will also seek approval for our estimated remuneration in conducting the Liquidation. The attached remuneration report details an estimate of the initial costs likely to be incurred in a liquidation scenario. It is an interim estimate only and actual costs may be quite different, depending on the work required and/or if litigation is pursued, which may be significant. Therefore, the estimate may change depending on matters which occur during the course of the liquidation.

Please refer to the Remuneration Approval Report, attached as **Annexure "9"** for further details.

## 20. SECOND MEETING OF CREDITORS

The Second Meeting of Creditors will be held on Friday, 22 December 2023 at 11:00AM AEDT. The formal Notice of Meeting is attached as **Annexure "1"** for your reference. Virtual meeting facilities will be available.

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

To participate as a Creditor, you should:

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

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

## 21. QUERIES

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

- ▲ BRI Contact: Frane Babic
- ▲ Phone: (02) 8263 2333
- ▲ Email: [FBabic@brifnsw.com.au](mailto:FBabic@brifnsw.com.au) (preferred)
- ▲ Mailing: GPO Box 7079, Sydney NSW 2001

Yours faithfully,

**BIZPAY GROUP LIMITED**  
**(ADMINISTRATORS APPOINTED) (RECEIVERS AND MANAGERS APPOINTED)**



**JONATHON KEENAN**  
Joint and Several Administrator

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

**BRI Ferrier**

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**BizPay Group Limited  
(Administrators Appointed)  
(Receivers and Managers  
Appointed)  
ACN 633 797 627  
ABN 69 633 797 627**

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

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**NOTICE OF SECOND MEETING OF CREDITORS**

**BIZPAY GROUP LIMITED  
(ADMINISTRATORS APPOINTED)  
(RECEIVERS AND MANAGERS APPOINTED)**

**ACN 633 797 627 / ABN 69 633 797 627  
("THE COMPANY")**

NOTICE is given that a Second Meeting of the Creditors of the Company will be held at the offices of BRI Ferrier, Level 26, 25 Bligh Street, Sydney NSW 2000 on **Friday, 22 December 2023 at 11:00 AM AEDT**.

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

<https://us06web.zoom.us/meeting/register/tZYsdeugpzgqHdMxYvUnzLLB0ZNMIT1Sze0P>

A G E N D A

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

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

#### Special Instructions for Meeting

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

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

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

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

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

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

DATED this 14<sup>th</sup> day of December 2023



JONATHON KEENAN  
JOINT AND SEVERAL ADMINISTRATOR

BRI FERRIER  
Level 26  
25 Bligh Street  
Sydney NSW 2000

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The logo for BRI Ferrier features the text "BRI Ferrier" in a white, sans-serif font. The text is positioned on a dark grey rectangular background. To the right of the text, there is a green triangular graphic element pointing towards the top right corner of the rectangle.

**BRI Ferrier**

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**BizPay Group Limited  
(Administrators Appointed)  
(Receivers and Managers  
Appointed)  
ACN 633 797 627  
ABN 69 633 797 627**

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

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FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

To the Joint and Several Administrators of BizPay Group Limited (Administrators Appointed) ACN 633 797 627

1. This is to state that the company was, on 23 November 2023 <sup>(1)</sup> and still is, justly and truly indebted to <sup>(2)</sup> (full name):

.....  
(‘Creditor’)

.....  
of (full address)

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

Particulars of the debt are:

Date	Consideration <sup>(3)</sup> <small>state how the debt arose</small>	Amount \$	GST included \$	Remarks <sup>(4)</sup> <small>include details of voucher substantiating payment</small>

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

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

Date	Drawer	Acceptor	Amount \$ c	Due Date

- I am **not** a related creditor of the Company <sup>(5)</sup>
- I am a related creditor of the Company <sup>(5)</sup>  
relationship: .....

3A.<sup>(6)\*</sup> I am employed by the creditor and authorised in writing by the creditor to make this statement. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, still remains unpaid and unsatisfied.

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

The External Administrators' (whether as Voluntary Administrators/Deed Administrators/Liquidators) will send and give electronic notification of documents. Please provide your email address below:

Contact Name: .....

Email Address: .....

DATED this.....day of.....202.....

Signature of Signatory .....

NAME IN BLOCK LETTERS .....

Occupation.....

Address.....

**OFFICE USE ONLY**

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

### Proof of Debt Form Directions

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

### Annexures

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

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

**BRI Ferrier**

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**BizPay Group Limited  
(Administrators Appointed)  
(Receivers and Managers  
Appointed)  
ACN 633 797 627  
ABN 69 633 797 627**

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

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**APPOINTMENT OF PROXY**

**BIZPAY GROUP LIMITED  
(ADMINISTRATORS APPOINTED) (RECEIVERS AND MANAGERS APPOINTED)**

**ACN 633 797 627/ ABN 69 633 797 627  
("THE COMPANY")**

\*I/\*We<sup>(1)</sup>.....of.....  
a creditor of **BizPay Group Limited (Administrators Appointed) (Receivers and Managers Appointed)**, appoint<sup>(2)</sup>  
..... or in his or her absence .....  
as \*my/our general/special proxy to vote at the Second Meeting of Creditors of the Company to be held on Friday,  
22 December 2023 at 11:00 AM AEDT, or at any adjournment of that meeting.

Please mark any boxes with an

Proxy Type:  General  Special

	For	Against	Abstain
<p><b>Resolution 1:</b></p> <p><i>"That the remuneration of the Joint and Several Administrators, their partners and staff for the period 23 November 2023 to 13 December 2023, be calculated on a time basis in accordance with the rates of charge annexed to the Voluntary Administrators' Second Report to Creditors dated 14 December 2023, be fixed and approved at \$141,771.50 (plus GST), and that the Joint and Several Administrators be authorised to draw that amount."</i></p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Resolution 2:</b></p> <p><i>"That the remuneration of the Joint and Several Administrators, their partners and staff for the period 14 December 2023 to 22 December 2023 be calculated on a time basis in accordance with the rates of charge annexed to the Voluntary Administrators' Second Report to Creditors dated 14 December 2023, and approved to an interim cap of \$25,000.00 (plus GST) and that the Joint and Several Administrators be authorised to draw that amount as and when incurred."</i></p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Resolution 3:</b></p> <p><i>"That the Joint and Several Administrators be allowed internal disbursements from 23 November 2023 to the conclusion of the Voluntary Administration at the rates of charge in the Voluntary Administrators' Remuneration Approval Report dated 14 December 2023, up to an amount of \$1,000.00 (plus GST) and that the Joint and Several Voluntary Administrators be authorised to draw that amount as accrued."</i></p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<p><b>Resolution 4<sup>(3)</sup>:</b>  <i>"That the Company execute a Deed of Company Arrangement."</i></p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Resolution 5<sup>(3)</sup>:</b>  <i>"That the Voluntary Administration should end."</i></p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Resolution 6<sup>(3)</sup>:</b>  <i>"That the Company be wound up."</i></p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b><u>If creditors resolve that the Company be wound up:</u></b></p>			
<p><b>Resolution 7:</b>  <i>"That the remuneration of the Joint and Several Liquidators, their partners and staff for the period 22 December 2023 to the conclusion of the Liquidation, be calculated on a time basis in accordance with the rates of charge annexed to the Voluntary Administrators' Second Report to Creditors dated 14 December 2023, and approved to an interim cap of \$75,000.00 (plus GST), and that the Joint and Several Liquidators be authorised to draw that amount as and when incurred."</i></p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Resolution 8:</b>  <i>"That the Joint and Several Liquidators be allowed internal disbursements for the period 22 December 2023 to the conclusion of the Liquidation at the rates of charge annexed to the Voluntary Administrators' Remuneration Approval Report dated 14 December 2023, up to an amount of \$2,000.00 (plus GST) and that the Liquidators be authorised to draw that amount as accrued."</i></p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Resolution 9:</b>  <i>"That subject to the consent of the Australian Securities &amp; Investments Commission, the Joint and Several Liquidators be approved to destroy the books and records of the Company at any time after the dissolution of the Company."</i></p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**INSTRUCTIONS FOR COMPLETING:**

- \* Strike out if inapplicable.
- (1) Insert name and address. If a firm, strike out "I" and set out the full name of the firm.
- (2) Insert the name, address and description of the person appointed.
- (3) You may only vote in "favour" for one of these 2 resolutions relating to the future of the Company. You must vote "against" the other 1 resolution.

DATED this .....day of ..... 2023

\_\_\_\_\_  
Signature

Proxies should be returned to the offices of BRI Ferrier by 4.00 PM AEDT one (1) business day prior to the meeting by: Email: [fbabic@brifnsw.com.au](mailto:fbabic@brifnsw.com.au) or Post: GPO Box 7079 SYDNEY NSW 2001

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

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

DATED this .....day of ..... 2023

Signature of Witness: .....

Description: .....

Place of Residence: .....

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

**BRI Ferrier**

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**BizPay Group Limited  
(Administrators Appointed)  
(Receivers and Managers  
Appointed)  
ACN 633 797 627  
ABN 69 633 797 627**

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**Annexure "4"  
Comparative Balance Sheets**

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BizPay Group Limited

A.C.N. 633 797 627

Balance Sheet

For the Financial Years Ended 31 Dec 2020 to 31 December 2022 and Part-Year Ended 23 Nov 2023

	Period Ended 23-Nov-23	Year Ended 31-Dec-22	Year Ended 31-Dec-21	Year Ended 31-Dec-20
	(\$)	(\$)	(\$)	(\$)
<b>ASSETS</b>				
<b>Bank</b>				
Airwallex AUD	-	4,810	-	-
ANZ CORP BNPL	-	-	15	-
ANZ CORP OPEX	-	-	688	-
ANZ CORP SIF	-	-	15	-
ANZ CORP ZEPTO	-	-	11,273	-
AWX_BIZPAY GROUP LIMITED_AUD	3,214	-	-	-
Hirepay Pty Ltd	190,495	2,271,217	1,649,134	1,858,813
Savings Account	129,073	256,645	16,642,815	710,668
TransferWise NZD	-	4,074	4,911	-
<b>Total Bank</b>	<b>322,782</b>	<b>2,536,746</b>	<b>18,308,850</b>	<b>2,569,481</b>
<b>Current Assets</b>				
<b>Old Book</b>				
Accounts Receivable	5,149,958	5,269,084	28,158,576	7,051,056
Provision for Doubtful Accounts - Old Book	(4,862,355)	(4,862,355)	(16,500,000)	(3,320,821)
<b>Total Old Book</b>	<b>287,603</b>	<b>406,729</b>	<b>11,658,576</b>	<b>3,730,235</b>
<b>Other Current Assets</b>				
Commission Income Accrual	-	-	-	-
Employee Receivables	-	-	-	-
Intercompany Recharges- BizPay US	-	-	26,400	-
Late Fees Accrual	-	-	-	-
Other Deposits	19,036	-	-	50,000
Rent Deposit	34,241	82,916	106,386	3,000
Sundry Debtors	-	-	2,000	2,098
Trust Account - General Commercial	426,404	106,990	-	-
<b>Total Other Current Assets</b>	<b>479,680</b>	<b>189,906</b>	<b>134,786</b>	<b>55,098</b>
<b>BNPL Receivables</b>				
Cash: Turnkey	136,851	104,786	1,845,510	-
Loan Receivable: BNPL	1,793,699	3,861,327	6,174,231	-
Provision for Doubtful Debts - BNPL	(66,131)	-	-	-
<b>Total BNPL Receivables</b>	<b>1,864,419</b>	<b>3,966,113</b>	<b>8,019,741</b>	<b>-</b>
<b>Other Loan Receivables inc SIF</b>				
Loan Receivable: NEW	297,272	-	-	1,863,102
Loan Receivable: SIF	242,951	242,951	59,305	-
<b>Total Other Loan Receivables inc SIF</b>	<b>540,223</b>	<b>242,951</b>	<b>59,305</b>	<b>1,863,102</b>
<b>Prepayments</b>				
Prepaid Borrowing Costs	51,038	-	53,793	-
Prepaid Expenses	22,097	7,820	306,650	-
<b>Total Prepayments</b>	<b>73,134</b>	<b>7,820</b>	<b>360,443</b>	<b>-</b>
Current Receivable	-	-	-	-
<b>Total Current Assets</b>	<b>3,245,059</b>	<b>4,813,519</b>	<b>20,232,852</b>	<b>5,648,435</b>
<b>Fixed Assets</b>				
<b>Property Plant and Equipment NBV</b>				
Computer Equipment	140,410	110,616	163,859	15,798
Less Accumulated Depreciation on Computer Equipment	(84,511)	(48,051)	(30,290)	(1,107)
Furniture & Fittings	36,796	36,796	36,796	-
Less Accumulated Depreciation on Furniture & Fittings	(9,054)	(5,990)	(2,310)	-
Office Equipment	10,254	10,254	12,202	-
Less Accumulated Depreciation on Office Equipment	(7,888)	(5,041)	(2,179)	-
<b>Total Property Plant and Equipment NBV</b>	<b>86,008</b>	<b>98,584</b>	<b>178,078</b>	<b>14,691</b>
<b>Software NBV</b>				
Software Development	3,088,674	2,873,899	2,824,675	-
Less Accumulated Depreciation on Software Development	(2,139,712)	(1,576,664)	(829,863)	-
Less: Impairment of Software Development	(201,444)	(201,444)	-	-
<b>Total Software NBV</b>	<b>747,518</b>	<b>1,095,791</b>	<b>1,994,812</b>	<b>-</b>
Website NBV				
Website	1,096,491	1,204,014	997,686	411,546
Less Accumulated Depreciation on Website	(968,421)	(773,638)	(148,650)	(81,465)



Total Website NBV	128,070	430,376	849,036	330,081
Total Fixed Assets	961,596	1,624,751	3,021,926	344,772
Non-current Assets				
Right of Use Assets NBV				
Right of Use Asset at Cost:Lease	155,358	336,165	336,165	-
Accumulated Depreciation : Right of Use Asset: Lease	(72,501)	(280,138)	(112,055)	-
Total Right of Use Assets NBV	82,857	56,027	224,110	-
AU Trademark	96,620	96,620	82,314	-
Investment in Subsidiary	-	-	1,000,000	53,396
US Trademark	-	-	-	-
Total Non-current Assets	179,477	152,647	1,306,424	53,396
<b>TOTAL ASSETS</b>	<b>4,708,915</b>	<b>9,127,663</b>	<b>42,870,053</b>	<b>8,616,084</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
<b>Trade Payables and Accruals</b>				
Accounts Payable	1,114,362	318,809	287,492	68,170
Audit Fees Payable	70,200	100,000	76,208	105,600
Contract Liabilities: Deferred Income	24	17,488	126,090	(71,835)
Contract Liabilities: Deferred Income (NEW)	-	-	-	-
General Accruals	75,875	52,499	357,516	-
Interest Payable	-	13,151	-	-
<b>Total Trade Payables and Accruals</b>	<b>1,260,461</b>	<b>501,947</b>	<b>847,306</b>	<b>101,935</b>
<b>ATO Liabilities</b>				
ATO Integrated Client Account	-	366,864	-	62,481
GST	(14,381)	(147,941)	(41,261)	3,335
PAYG Withholdings Payable	36,284	35,915	737,653	86,204
<b>Total ATO Liabilities</b>	<b>21,904</b>	<b>254,838</b>	<b>696,392</b>	<b>152,020</b>
<b>Other Current Liabilities</b>				
Capital Raise Unallocated	-	-	-	2,869,144
Capital Raising Unallocated - Pelton	-	-	-	5,284,000
Rounding	-	-	1	(0)
Suspense	257	49	41,554	-
Suspense Account Expenses	-	-	(98,298)	-
Loan Payments to be Allocated	2,710	2,710	41,382	-
Total Other Current Liabilities	2,967	2,759	(15,362)	8,153,144
<b>Employee Liabilities and Provisions</b>				
Payroll Tax Payable	-	12,140	159,655	-
Provision for Annual Leave	78,804	97,559	301,256	-
Superannuation Payable	26,057	37,410	220,237	27,689
Wages Payable - Payroll	-	-	-	(2,884)
<b>Total Employee Liabilities and Provisions</b>	<b>104,862</b>	<b>147,109</b>	<b>681,148</b>	<b>24,805</b>
<b>Lease Liabilities (Current)</b>				
Lease Liability: Current	83,018	87,281	156,808	-
Total Lease Liabilities (Current)	83,018	87,281	156,808	-
<b>Loans from Financiers</b>				
Loan - Alteris Facility A	2,650,000	4,000,000	27,000,000	-
Loan - Nova Legal	-	-	-	2,990,000
<b>Total Loans from Financiers</b>	<b>2,650,000</b>	<b>4,000,000</b>	<b>27,000,000</b>	<b>2,990,000</b>
GoCardless	-	-	-	-
ANZ CORP BNPL	-	-	-	-
ANZ CORP SIF	-	-	-	-
<b>Total Current Liabilities</b>	<b>4,123,211</b>	<b>4,993,934</b>	<b>29,366,292</b>	<b>11,421,903</b>
<b>Non-current Liabilities</b>				
<b>Convertible Notes</b>				
Convertible Note - Accrued Interest	-	170,798	-	-
Convertible Notes	-	1,414,250	-	3,155,000
<b>Total Convertible Notes</b>	<b>-</b>	<b>1,585,048</b>	<b>-</b>	<b>3,155,000</b>
<b>Loans from Financiers</b>				
Intercompany Loan - BizPay US	-	-	-	-
Loan	-	-	-	-
Loan Alteris Facility B	1,347,660	3,615,335	-	-
<b>Total Loans from Financiers</b>	<b>1,347,660</b>	<b>3,615,335</b>	<b>-</b>	<b>-</b>
<b>Lease Liabilities</b>				
Lease Liability: Non Current	-	(0)	87,283	-
<b>Total Lease Liabilities</b>	<b>-</b>	<b>(0)</b>	<b>87,283</b>	<b>-</b>
<b>Total Non-current Liabilities</b>	<b>1,347,660</b>	<b>5,200,383</b>	<b>87,283</b>	<b>3,155,000</b>
<b>Total Liabilities</b>	<b>5,470,872</b>	<b>10,194,317</b>	<b>29,453,575</b>	<b>14,576,903</b>

<b>NET ASSETS</b>	<b>(761,957)</b>	<b>(1,066,654)</b>	<b>13,416,478</b>	<b>(5,960,819)</b>
<b>EQUITY</b>				
Capital Raising Cost	(929,279)	(928,381)	(821,663)	(36,850)
Current Year Earnings	(3,053,310)	(19,909,446)	(25,534,855)	(5,757,652)
Retained Earnings	(51,375,270)	(31,465,825)	(5,930,969)	(173,317)
Share Capital - Ordinary Shares	49,725,486	47,928,357	44,420,568	7,000
Share Capital - Preference Shares	3,999,980	1,402,407	-	-
Share-Based Payment Reserve	1,906,234	1,906,234	1,283,398	-
<b>TOTAL EQUITY</b>	<b>273,841</b>	<b>(1,066,654)</b>	<b>13,416,478</b>	<b>(5,960,819)</b>

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

**BRI Ferrier**

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**BizPay Group Limited  
(Administrators Appointed)  
(Receivers and Managers  
Appointed)  
ACN 633 797 627  
ABN 69 633 797 627**

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

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BizPay Group Limited

A.C.N. 633 797 627

Comparative Profit and Loss Statements

For the Financial Years Ended 31 December 2020 to 31 December 2022 and Part Year Ended 23 November 2023

	Part Period 23-Nov-23 (\$)	Year Ended 31-Dec-22 (\$)	Year Ended 31-Dec-21 (\$)	Year Ended 31-Dec-20 (\$)
<b>Income</b>				
Trading Income				
Commission Income	-	-	-	25,633
Fee Income: BNPL	191,401	721,861	1,502	75,159
Fee Income: SIF	-	10,259	8,310	8,000
Fee Income: New	54,844	-	-	-
Interest Income	36,328	277	2,745,120	405,385
Late Fee: BNPL	-	112,606	-	-
Late Fee: SIF	-	45,558	-	-
Late Fees Income	132,828	1,314,509	2,219,236	-
Other Revenue	-	(93)	20,095	-
Refinancing Fee Income	-	-	1,000,829	-
Buy Now Pay Later Fee Income	-	-	-	-
<b>Gross Profit</b>	<b>415,401</b>	<b>2,204,977</b>	<b>5,995,091</b>	<b>514,177</b>
<b>Expenses</b>				
<b>Consulting and Contractor Expenses</b>				
Accounting Fees	132,325	55,399	70,969	18,900
Audit Fees	77,155	80,200	117,040	105,600
Consulting and Professional Fees	335,394	726,483	1,340,969	666,162
Contractors	519,061	1,342,028	2,501,666	949,108
<b>Total Consulting and Contractor Expenses</b>	<b>1,063,935</b>	<b>2,204,110</b>	<b>4,030,644</b>	<b>1,739,771</b>
<b>Employee and Related Expenses</b>				
Annual Leave expense	(18,755)	(203,698)	301,256	-
Employee Benefit	14,660	37,427	68,892	-
Employee Benefits-FBT	1,947	6,410	55,898	-
LAFHA	-	-	2,383	-
Motor Vehicle Expenses	30	280	-	-
Payroll Tax	21,706	61,950	204,520	-
Placement Fee	99,517	163,705	670,734	34,318
Share-Based Payment Expense	-	622,836	1,353,398	-
Staff Training	7,811	10,357	165	-
Superannuation	146,400	557,071	478,387	44,638
Wages and Salaries	1,429,972	5,995,608	2,515,767	471,033
<b>Total Employee and Related Expenses</b>	<b>1,703,289</b>	<b>7,251,946</b>	<b>5,651,401</b>	<b>549,988</b>
<b>Sales and Marketing Expenses</b>				
Advertising	21,745	317,129	399,981	334,822
Early Repayment Discount	-	-	2,081	-
Referral Fees	12,759	65,112	64,998	100
<b>Total Sales and Marketing Expenses</b>	<b>34,504</b>	<b>382,241</b>	<b>467,061</b>	<b>334,922</b>
<b>Finance Legal and Insurance Expenses</b>				
ASIC Fees and Company Secretarial	1,874	4,696	2,658	1,081
Bank Fees	22,449	3,488	8,603	1,483
Bank Revaluations	249	370	110	-
Borrowing Costs Expense	31,743	529,935	154,489	-
Realised Currency Gains	13,674	10,532	15,625	5,497
Unrealised Currency Gains	(6,382)	7,530	(8,718)	7,468
Insurance	48,874	128,937	48,179	2,565
Legal expenses	237,851	820,372	960,401	141,684

<b>Total Finance Legal and Insurance Expenses</b>	350,331	1,505,860	1,181,347	159,778
<b>Property and Office Expenses</b>				
Cleaning	2,717	5,133	2,629	-
Donations	-	-	17,563	-
Freight & Courier	1,496	3,010	2,269	-
General Expenses	6,744	820	10,859	-
IT Hardware (Non Capex)	510	936	2,224	-
Light, Power, Heating	2,646	1,412	-	-
Loss on Sale of Fixed Assets	(768)	58,516	-	-
Office Expenses	9,076	11,061	49,230	3,575
Printing & Stationery	502	1,592	18,948	300
Rent	(15,515)	1,438	60,721	41,692
Repairs and Maintenance	3,341	2,949	3,229	-
Telephone & Internet	22,625	57,821	58,677	12,878
<b>Total Property and Office Expenses</b>	33,374	144,689	226,347	58,445
<b>Credit Check and Collection Expenses</b>				
Collection Fees	77,451	243,273	61,089	-
Credit Check	27,295	217,105	444	-
Credit Check and Registration Costs	619	35,837	73,250	1,956
<b>Total Credit Check and Collection Expenses</b>	105,365	496,215	134,782	1,956
<b>Travel and Entertainment Expenses</b>				
Entertainment	2,828	16,074	38,684	3,543
Travel - International	3	55	-	-
Travel - National	38,247	98,523	32,978	4,825
<b>Total Travel and Entertainment Expenses</b>	41,078	114,652	71,662	8,368
<b>Subscription and Software Expenses</b>				
Software (Non Capex)	993	705	12,045	-
Subscriptions	240,698	846,975	396,733	18,898
<b>Total Subscription and Software Expenses</b>	241,690	847,680	408,778	18,898
<b>Depreciation Expenses</b>				
Depreciation	800,202	1,432,163	930,719	78,631
Depreciation: Right of Use Asset	128,528	168,083	112,055	-
<b>Total Depreciation Expenses</b>	928,730	1,600,246	1,042,774	78,631
<b>Bad and Doubtful Debt Expenses</b>				
Bad debts expense	19,494	-	34,964	-
Finance Expenses : Doubtful debts and write offs	-	(15,637,645)	-	-
Finance Expenses : Provision for Doubtful Debts	46,637	20,260,157	13,179,179	3,320,821
<b>Total Bad and Doubtful Debt Expenses</b>	66,131	4,622,512	13,214,142	3,320,821
<b>Impairment Charges</b>				
Impairment of Software	-	201,444	-	-
Impairment of subsidiary	-	260,316	2,629,766	-
<b>Total Impairment Charges</b>	-	461,760	2,629,766	-
<b>Interest Expenses</b>				
Interest Expense	728,962	2,467,414	2,611,900	251
Interest on Convertible Notes	52,080	170,798	-	-
Lease Interest	10,198	20,934	23,719	-
<b>Total Interest Expenses</b>	791,241	2,659,146	2,635,619	251
<b>Income Tax Expense</b>				
Income Tax - R&D Incentive	(1,086,587)	-	-	-
Income Tax Expense	(767,639)	-	-	-
<b>Total Income Tax Expense</b>	(1,854,226)	-	-	-
<b>Total Expenses</b>	<b>3,505,442</b>	<b>22,291,058</b>	<b>31,694,322</b>	<b>6,271,829</b>
<b>Other Income</b>				
Government: Cash boost income	-	162,409	30,872	-
Other Income	898	14,226	-	-
R&D Tax Incentive Income	-	-	133,503	-
Bad Debts Recovered	35,833	-	-	-

<b>Total Other Income</b>	<u>36,731</u>	<u>176,635</u>	<u>164,375</u>	<u>-</u>
<b>Profit / (Loss)</b>	<u>- 3,053,310</u>	<u>- 19,909,446</u>	<u>- 25,534,855</u>	<u>- 5,757,652</u>

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

**BRI Ferrier**

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**BizPay Group Limited  
(Administrators Appointed)  
(Receivers and Managers  
Appointed)  
ACN 633 797 627  
ABN 69 633 797 627**

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**Annexure "6"  
Deficiency Statement**

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**BizPay Group Ltd (Administrators Appointed) (Receivers and Managers Appointed)**  
A.C.N. 633 797 627

	Book Value as at 23/11/2023 (\$)	Directors' ERV (per ROCAP) (\$)	Administrators' ERV as at 23/11/2023 (\$)	Deficiency (\$)
<b>Assets</b>				
Cash and Cash Equivalents	768,222	726,124	707,552	
Loans/Debtors				
Loans Receivable	7,620,731	18,033,451	18,033,451	
Provision for Doubtful Debts	(4,928,486)	(17,002,111)	(17,002,111)	
Rental Bond	34,241	34,240	-	
Prepayments	73,134	-	-	
Plant and Equipment	86,008	Unknown	10,000	
Software	747,518	Unknown	-	
Website	128,070	Unknown	-	
Right of Use Asset - Lease	82,857	Unknown	-	
Trademark	96,620	Unknown	-	
<b>Total Assets</b>	<b>4,708,915</b>	<b>1,791,703</b>	<b>1,748,891</b>	
<b>Liabilities</b>				
Priority Creditors	104,862	149,733	410,968	
Secured Creditors	3,997,660	3,650,000	3,650,000	
Unsecured Creditors:				
Trade Creditors	310,648	162,508	188,345	
Australian Taxation Office	21,904	22,016	22,016	
<b>Total Liabilities</b>	<b>4,435,074</b>	<b>3,984,257</b>	<b>4,271,328</b>	
<b>Estimated Net Asset / (Deficiency)</b>	<b>273,841</b>	<b>(2,192,553)</b>	<b>(2,522,437)</b>	<b>2,522,437</b>

**BizPay Group Ltd (Administrators Appointed) (Receivers and Managers Appointed)**  
A.C.N. 633 797 627  
**Deficiency Statement**

	Amount (\$)	Amount (\$)	
<b>Deficiency of Assets to Liabilities</b>		2,522,437	
<b>Add: Share Capital</b>	54,702,421		
<b>Estimated Total Deficiency of Assets to meet Liabilities &amp; Share Capital</b>		<b>57,224,858</b>	
These losses are represented by:			
<b>a) Retained Earnings</b>			
Accumulated Loss as at 30 June 2023	51,375,270		
Current Year Loss as at 5 September 2022	3,053,310	54,428,580	
<b>b) Estimated Loss on Realisation of Assets</b>			
	Book Value as at 23/11/2023 (\$)	Administrators' ERV as at 23/11/2023 (\$)	Loss on Realisation (\$)
<b>Asset</b>			
Cash and Cash Equivalents	768,222	707,552	60,670
Loans/Debtors	-	-	-
Loans Receivable	7,620,731	18,033,451	(10,412,720)
Provision for Doubtful Debts	(4,928,486)	(17,002,111)	12,073,626
Rental Bond	34,241	-	34,241
Prepayments	73,134	-	73,134
Plant and Equipment	86,008	10,000	76,008
Software	747,518	-	747,518
Website	128,070	-	128,070
Right of Use Asset - Lease	82,857	-	82,857
Trademark	96,620	-	96,620
<b>Total</b>	<b>4,708,915</b>	<b>1,748,891</b>	<b>2,960,023</b>
<b>c) Increase in Creditor Claims not disclosed in Balance Sheet</b>			
	Book Value as at 23/11/2023 (\$)	Administrators' ERV as at 23/11/2023 (\$)	Unreported Liabilities (\$)
<b>Liabilities</b>			
Priority Creditors	104,862	410,968	306,106
Secured Creditors	3,997,660	3,650,000	(347,660)
Unsecured Creditors:			
Trade Creditors	310,648	188,345	(122,303)
Australian Taxation Office	21,904	22,016	112
<b>Total</b>	<b>4,435,074</b>	<b>4,271,328</b>	<b>(163,745)</b>
<b>Deficiency as Above</b>			<b>57,224,858</b>



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**BizPay Group Limited  
(Administrators Appointed)  
(Receivers and Managers  
Appointed)  
ACN 633 797 627  
ABN 69 633 797 627**

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**Annexure "7"  
Estimated Outcome Statement**

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**BizPay Group Ltd (Administrators Appointed) (Receivers and Managers Appointed)**  
**Estimated Outcome Statement**

	Book Value as at 23/11/2023 (\$)	Administrators' ERV Liquidation (High)	Administrators' ERV Liquidation (Low)
<b>ASSETS</b>			
<b>Subtotal - Total Non-Circulating Assets Subject to BP Security</b>	<b>1,141,073</b>	<b>10,000</b>	<b>7,000</b>
<b>Circulating Assets Subject to BP Fiduciary Pty Ltd ("BP")</b>			
Cash and Cash Equivalents	768,222	707,552	707,552
Loans/Debtors	2,692,245	1,031,339	721,938
Rental Bond	34,241	-	-
Prepayments	73,134	-	-
<b>Subtotal - Circulating Assets Subject to BP Security</b>	<b>3,567,842</b>	<b>1,738,891</b>	<b>1,429,489</b>
<b>Total Assets - Subject to BP Security</b>	<b>4,708,915</b>	<b>1,748,891</b>	<b>1,436,489</b>
<b>Administration Cost prior to Appointment of the R&amp;M</b>			
Administrators' Remuneration from 23 November 2023 to 29 November 2023		62,540	62,540
Balance of funds held by the Administrators to discharge Administrators' costs (including trading costs) from 23 November 2023 to 29 November 2023		62,460	62,460
Legal costs		2,682	2,682
<b>Total Administration Costs prior to Appointment of the R&amp;M</b>		<b>127,682</b>	<b>127,682</b>
<b>Asset Realisation Costs (excl. GST)</b>			
Receivers Remuneration and Other Costs		150,000	225,000
Other Asset Realisation costs		100,000	150,000
<b>Total Asset Realisation Costs</b>		<b>250,000</b>	<b>375,000</b>
<b>Circulating Assets Available for Priority Creditors</b>		<b>1,361,209</b>	<b>926,808</b>
<b>Priority Creditors</b>			
Non-Excluded Employees		180,291	180,291
Excluded Employees		5,500	5,500
<b>Total Priority Creditors</b>	<b>104,862</b>	<b>185,791</b>	<b>185,791</b>
<b>Distribution to Priority Creditors</b>		<b>185,791</b>	<b>185,791</b>
<b>Total Circulating Assets Available to BP</b>		<b>1,175,419</b>	<b>741,017</b>
<b>Total Non - Circulating Assets Available to BP</b>		<b>10,000</b>	<b>7,000</b>
<b>Total Assets Available to BP</b>	<b>-</b>	<b>1,185,419</b>	<b>748,017</b>
<b>Total BP Debts</b>	<b>3,997,660</b>	<b>3,650,000</b>	<b>3,650,000</b>
<b>Distribution to BP</b>		<b>1,185,419</b>	<b>748,017</b>
<b>Assets Available after Distribution to BP</b>		<b>-</b>	<b>-</b>
<b>Recoveries in Liquidation</b>			
Voidable Transactions		Unknown	-
Insolvent Trading Claims		-	-
Breach of Director Duties Claims		143,000	-
<b>Total Recovery</b>		<b>Unknown</b>	<b>-</b>
<b>Administration Costs</b>			
Administration Costs			
Administrators' Remuneration from 30 November 2023 to 13 December 2023 (Accrued)		79,232	79,232
Administrators' Additioanl Remuneration (Future)		25,000	25,000
Administrators' Disbursements		1,000	1,000
Liquidation Costs			
Liquidators' Remuneration and Costs		100,000	75,000
Liquidators' Legal Fees		30,000	-
Litigation Funder (45% of recovery)		Unknown	-
<b>Total Costs of Administration Costs</b>	<b>-</b>	<b>235,232</b>	<b>180,232</b>
<b>Funds Available for Distribution to Unsecured Creditors</b>		<b>Unknown</b>	<b>-</b>
<b>Secured Creditor Shortfall</b>	<b>-</b>	<b>2,464,581</b>	<b>2,901,983</b>
<b>Other Unsecured Creditors</b>			

**BizPay Group Ltd (Administrators Appointed) (Receivers and Managers Appointed)**  
**Estimated Outcome Statement**

	Book Value as at 23/11/2023 (\$)	Administrators' ERV Liquidation (High)	Administrators' ERV Liquidation (Low)
Shareholder Claims	-	2,464,581	2,901,983
Employee Entitlements owed to Excluded Creditors - Unsecured Claims	-	225,177	225,177
Australian Taxation Office	21,904	22,016	22,016
Other Unsecured Creditors	310,648	188,345	188,345
<b>Total Other Unsecured Creditors</b>	<b>332,551</b>	<b>2,900,119</b>	<b>3,337,521</b>
<b>Return to Unsecured Creditors (Cents in \$)</b>		<b>Unknown</b>	<b>-</b>

Summary of Return to Creditors	Book Value Cents/\$	Liquidation High Cents/\$	Liquidation Low Cents/\$
<b>Secured Creditors</b>	100	32	20
<b>Priority Creditors</b>	0	100	100
<b>Unsecured Creditors</b>	0	Unknown	0

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

**BRI Ferrier**

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**BizPay Group Limited  
(Administrators Appointed)  
(Receivers and Managers  
Appointed)  
ACN 633 797 627  
ABN 69 633 797 627**

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**Annexure "8"  
Summary of Receipts and Payments**

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## Summarised Receipts & Payments

### Bizpay Group Limited (Administrators Appointed) (Receivers and Managers Appointed) Transactions From 23 November 2023 To 13 December 2023

A/C	Account	Net	GST	Gross
74	Cash at Bank	300,000.00	0.00	300,000.00
<b>Total Receipts (inc GST)</b>		<b>\$300,000.00</b>	<b>\$0.00</b>	<b>\$300,000.00</b>
165	Payment to Receivers and Managers	175,000.00	0.00	175,000.00
<b>Total Payments (inc GST)</b>		<b>\$175,000.00</b>	<b>\$0.00</b>	<b>\$175,000.00</b>
<b>Balance in Hand - By Bank Account</b>				
212	Cheque Account			125,000.00
				<b>\$125,000.00</b>

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John Keenan  
Administrator

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

**BRI Ferrier**

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**BizPay Group Limited  
(Administrators Appointed)  
(Receivers and Managers  
Appointed)  
ACN 633 797 627  
ABN 69 633 797 627**

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**Annexure "9"  
Remuneration Approval Report**

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# Remuneration Approval Report

**BIZPAY GROUP LIMITED  
(ADMINISTRATORS APPOINTED)  
(RRECEIVERS AND MANAGERS  
APPOINTED)  
ACN 633 797 627**

14 December 2023

Jonathon Keenan and Peter Krejci  
Joint and Several Liquidators

Novabrif Pty Ltd ABN 61 643 013 610  
Level 26, 25 Bligh Street, Sydney NSW 2000  
GPO Box 7079, Sydney NSW 2001  
Phone (02) 8263 2333  
Email: [info@brifnsw.com.au](mailto:info@brifnsw.com.au)  
Website: [www.briferrier.com.au](http://www.briferrier.com.au)

**BRI Ferrier** 

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## 1. EXECUTIVE SUMMARY

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

	Remuneration (\$, excl GST)	Disbursements (\$, excl GST)
Voluntary Administration	166,771.50	1,000.00
Liquidation	75,000.00	2,000.00

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

Creditors have not previously approved our remuneration.

We estimate the total cost of this Voluntary Administration will be approximately \$166K. This is within our previous estimate of \$135K to \$190K in the Initial Remuneration Notice.

## 2. DECLARATION

We, Jonathon Keenan and Peter Krejci of BRI Ferrier, have undertaken an assessment of this remuneration claim in accordance with the law and applicable professional standards. We are satisfied that the remuneration and disbursement claimed is necessary and proper.

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

## 3. REMUNERATION APPROVAL SOUGHT

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

For	Period	Amount (\$, excl. GST)	Rates to apply	When it will be drawn
Work we have already done	23 November 2023 to 13 December 2023	141,771.50	Provided in our First Report to Creditors dated 27 November 2023	It will be drawn when funds are available
Future work to meeting date	14 December 2023 to 22 December 2023	25,000.00	Provided in our Second Report to Creditors on 27 November 2023	It will be drawn when funds are available and incurred
<b>VA total</b>		<b>166,771.50</b>		
Future work – Liquidation	22 December 2023 to finalisation of liquidation	75,000.00	Provided in our Second Report to Creditors on 27 November 2023	It will be drawn when funds are available
<b>Liquidation Total</b>		<b>75,000.00</b>		

Details of the work done for the period 23 November 2023 to 13 December 2023 and future work expected for the period 14 December 2023 to 22 December 2023 are included at **Schedule A**.

Details of future work that we intend to do in Liquidation are included at **Schedule B**.

A breakdown of time spent by staff members on each major task for work completed from 23 November 2023 to 13 December 2023 is included in **Schedule C**.

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

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

#### 4. DISBURSEMENTS SOUGHT

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

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

For more information about disbursements, please refer to the Initial Remuneration Notice sent to you on 27 November 2023.

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

For	Period	Amount (\$, excl. GST)
Voluntary Administration	23 November 2023 to 22 December 2023	1,000.00
Liquidation	22 December 2023 to the conclusion of the Liquidation	2,000.00

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

#### 5. LIKELY IMPACT ON DIVIDENDS

The Corporations Act sets the order for payment of claims against the Company and it provides for the remuneration of the Administrators to be paid in priority to other claims. This ensures that when there are sufficient funds, the Administrators receives payment for the work done to recover assets, investigate

the Company's affairs, report to creditors and ASIC and distribute any available funds. Even if creditors approve our remuneration, this does not guarantee that we will be paid, as we are only paid if sufficient assets are recovered.

An estimated outcome statement is attached as **Annexure 7** of the Second Report to Creditors dated 14 December 2023. Any dividend payable to creditors will depend on a range of variables, particularly the decision creditors make on the future of the Company, future realisations, our estimated remuneration as we have set out in this report and creditor claims.

## 6. SUMMARY OF RECEIPTS AND PAYMENTS

A summary of the receipts and payments as at 14 December 2023 is attached.

## 7. QUERIES & INFORMATION SHEET

If you have any queries in relation to the information in this report, please contact our office. You can also access information which may assist you on the following websites:

ARITA at [www.arita.com.au/creditors](http://www.arita.com.au/creditors)

ASIC at <http://www.asic.gov.au> (search for INFO 85)

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

## 8. ATTACHMENTS

Schedule A – Details of work from 23 November 2023 to the second meeting of creditors

Schedule B – Details of work from the second meeting of creditors to the conclusion of the external administration

Schedule C – A breakdown of time spent by staff members on each major task for work completed from 23 November 2023 to 13 December 2023

Schedule D – Resolutions

Schedule E – Disbursements

## SCHEDULE A – DETAILS OF WORK FROM 23 NOVEMBER 2023 TO THE SECOND MEETING OF CREDITORS

<b>Company</b>	BizPay Group Limited (Administrators Appointed) (Receivers and Managers Appointed)	<b>Period From</b>	23 November 2023	<b>To</b>	22 December 2023
<b>Practitioner</b>	Jonathon Keenan & Peter Krejci	<b>Firm</b>	BRI Ferrier		
<b>Administration Type</b>	Administrators Appointed				
		<b>Tasks</b>			
		<b>Work completed (excl. GST)</b>		<b>Future work (excl. GST)</b>	
<b>Period</b>	23 November 2023 to 13 December 2023		14 December 2023 to 22 December 2023		
<b>Amount (excl. GST)</b>	\$141,771.50		\$25,000.00		
<b>Task Area</b>	<b>General Description</b>				
<b>Assets</b>		<b>59.00 Hours</b> <b>\$26,933.50</b>		Nil	
	Debtors/Loans	Liaise with Directors regarding recoverability of debtors/loans Liaise with employees regarding collection of debtors/loans Liaise with employees regarding collating debtors/loans documents Meetings with Directors and employee regarding operation of the loan management IT platform		N/A	

	Plant and Equipment	<p>Review motor vehicle search</p> <p>Liaise with employee regarding preparing asset listing</p> <p>Liaise with Directors and employees regarding returning assets to the Company</p> <p>Liaise with insurance broker regarding insurance requirements</p>	N/A
	Assets subject to specific charges	Review PPSR charge documents	N/A
	Sale of Assets/Business	<p>Liaising with the Directors to obtain information with respect to the trading history and financial performance of the Company's business ("the Business")</p> <p>Liaising with the advertising agent with respect to advertising the Sale</p> <p>Placing an advertisement on 27 November 2023 in the Australian Financial Review and LinkedIn</p> <p>Review the Company's records and prepare advertisement for the sale</p> <p>Internal discussions in relation to information to be disclosed for the advertisement for the sale</p> <p>Liaising with solicitors regarding preparation of a Confidentiality Agreement to protect the unauthorised use of the Company's financial data and information</p> <p>Liaising with solicitors regarding amendments on the Confidentiality Agreement as requested by interested parties</p> <p>Correspondence with interested parties regarding the sale via emails and telephone</p>	N/A

		<p>Meetings with the Directors to provide updates of the sale process</p> <p>Meetings with the secured creditor to provide updates of the sale process</p> <p>Meetings with the Directors to discuss documents and information to be shared with interested parties</p> <p>Collating documents and information to be shared with the interested parties</p> <p>Prepare and maintain interested party register</p> <p>Contact providers for “data room” services to arrange information and documents to be shared with interested parties</p> <p>Prepare and issue correspondence to interested parties regarding appointment of the R&amp;M</p> <p>Organising return of deposits to interested parties pursuant to the Confidentiality Agreement</p>	
	Other Asset	<p>Prepare the bank funds transfer letter</p> <p>Liaise with insurance broker in relation to insurance policies</p>	N/A
<b>Creditors</b>		<p><b>132.30 Hours</b></p> <p><b>\$61,248.50</b></p>	<b>\$15,000.00</b>
	Creditor Enquiries	<p>Receive and respond to creditor enquiries</p> <p>Receive and follow up creditor enquiries by telephone</p> <p>Correspondence with Directors regarding creditor enquiries</p>	<p>Receive and respond to creditor enquiries</p> <p>Receive and follow up creditor enquiries by telephone</p> <p>Review and prepare correspondence to creditors and their representatives by email</p> <p>Responding to information requested by creditors</p>

	Creditor Reports	<p>Preparing and issuing First Report to Creditors regarding notification of appointment and convening First Meeting of Creditors</p> <p>Preparation of necessary annexures for First Report to Creditors</p> <p>Preparation of circular to creditors regarding appointment of the R&amp;M</p> <p>Preparing Second Report to Creditors</p>	<p>Preparing Second Report to Creditors detailing investigations</p> <p>Prepare DOCA commentary analysis and projections, and supporting documentation for creditors' consideration</p> <p>Preparation of necessary annexures for Second Report to Creditors</p>
	Dealing with proofs of debt	Receipting and filing POD when not related to a dividend	<p>Receipting, processing, and filing Proofs of Debts when not related to a dividend</p> <p>Maintaining register of Proofs of Debts received</p> <p>Reviewing supporting documentation from creditors</p>
	Secured creditor reporting	<p>Notifying PPSR registered creditors of appointment</p> <p>Meetings and teleconference with the secured creditors to provide updates on progress of the Administration and updates on the sale of the Company's assets/business</p> <p>Meeting with the R&amp;M in relation to handover of the control of the Company's assets and business</p> <p>Collating documents and information and forwarding same to the R&amp;M in relation to the handover</p> <p>Correspondence with the R&amp;M requesting updates on the progress of the sale of the Company's assets/business, collection of the loans/debtors and likelihood and expected timeframe of discharging outstanding employees' entitlements</p>	Continue correspondence with the R&M requesting updates on the progress of the sale of the Company's assets/business, collection of the loans/debtors and likelihood and expected timeframe of discharging outstanding employees' entitlements
	First Meeting of Creditors	<p>Preparation of meeting notices, proxies and advertisements</p> <p>Sending Notice of Meeting to all known creditors</p>	<p>Lodgement of minutes of meetings with ASIC</p> <p>Responding to stakeholder queries and questions immediately following meeting</p>

		Preparation of meeting file, including agenda, attendance register, list of creditors, report to creditors, advertisement of meeting and draft minutes of meeting Preparation of minutes of meetings with ASIC	
	Second Meeting of Creditors	N/A	Preparation of meeting notices, proxies and advertisements Sending Notice of Meeting to all known creditors Preparation of meeting file, including agenda, attendance register, list of creditors, report to creditors, advertisement of meeting and draft minutes of meeting
	Shareholder Enquiries	Receive and respond to shareholder enquiries Receive and follow up shareholder enquiries by telephone Correspondence with Directors regarding shareholder enquiries	Receive and respond to shareholder enquiries Receive and follow up shareholder enquiries by telephone Review and prepare correspondence to shareholders and their representatives by email Responding to information requested by shareholders
<b>Trade On</b>		<b>19.20 Hours</b> <b>\$9,161.00</b>	<b>\$1,000.00</b>
	Trade on management	Liaise with management and staff Discussions regarding payroll obligations Meeting with the Directors to discuss employees to be retained and key suppliers to be engaged to enable continue trading Liaise with employees regarding tasks required during VA trade on Correspondence with key suppliers to set up VA trading accounts	Correspondence with suppliers with respect to discharging VA trading liabilities Prepare payments to suppliers to discharge VA trading liabilities



<b>Investigation</b>	Budgeting and financial reporting	<p>Review Company's financial statements</p> <p>Liaise with management regarding cash flow projection for continued trade</p> <p>Prepare of cash flow projection for continued trade</p> <p>Review cash flow and reconciling actual and accrued expenses</p>	
		<p><b>53.90 Hours</b></p> <p><b>\$22,854.50</b></p>	<p><b>\$5,000.00</b></p>
	Conducting Investigation	<p>Liaising with employees regarding collating of the Company's electronic records</p> <p>Conducting and summarising statutory searches</p> <p>Reviewing Company's books and records</p> <p>Preparation of comparative financial statements</p> <p>Preparation of deficiency statement</p> <p>Preparation of working capital analysis</p> <p>Preparation of investigation file</p> <p>Review of specific transactions and liaising with Directors regarding certain transactions</p> <p>Review the Company's records and discuss with the Directors to conduct analysis of the Company's solvency position</p> <p>Prepare working capital analysis to consider the Company's solvency position</p> <p>Liaise with insurance broker regarding potential claims against the Company's pre-appointment policies</p> <p>Review ROCAP completed by Directors</p> <p>Consider recovery actions available in Liquidation scenario</p>	<p>Correspondence with Directors regarding enquiries into financial statements</p> <p>Finalise deficiency statement</p> <p>Finalise working capital analysis</p> <p>Finalise investigation file</p> <p>Consider recovery actions available in Liquidation scenario</p>
	ASIC Reporting	N/A	<p>Preparing statutory investigation reports</p> <p>Liaising with ASIC</p>

<b>Employees</b>		<b>16.30 Hours</b> <b>\$6,624.00</b>	<b>\$1,000.00</b>
	Employees enquiries	Correspondence with employees Responding to FEG enquiries	Correspondence with employees Any other tasks associated with employees
<b>Administration</b>	Calculation of entitlements	Reviewing estimated entitlements schedule calculated by former HR manager Reviewing discrepancies in entitlements schedule and Company records Reviewing employment contracts Reviewing substantial employee claim from former director and CEO, David Price	N/A
	Other employee issues	Preparing termination letters	N/A
		<b>39.80 Hours</b> <b>\$14,950.00</b>	<b>\$3,000.00</b>
	ASIC Forms and lodgements	Preparing and lodging ASIC forms including 505, 205, 531, 507 etc Preparing and lodging ASIC PNW Advert	Preparing and lodging ASIC forms including 5011, 530 etc Preparing and lodging ASIC PNW Advert
	Bank account administration	Preparing correspondence opening bank account Bank account reconciliations	Bank account reconciliations
	Correspondence	Correspondence with various parties	Correspondence with various parties
	Insurance	Notifying insurance broker of appointment Reviewing pre-appointment insurance policies Liaising with insurance broker regarding insurance requirements	N/A
Document maintenance/file review/checklist	Preparing and updating job checklists Filing of documents	Updating job checklists Filing of documents	

	ATO and other statutory reporting	Notification of appointment	N/A
	Planning / Review	Discussions regarding status of administration	Discussions regarding status of administration
	Finalisation	N/A	Notifying ATO of finalisation Completing checklists Finalising WIP

## SCHEDULE B – DETAILS OF WORK FROM THE SECOND MEETING OF CREDITORS TO THE CONCLUSION OF THE EXTERNAL ADMINISTRATION

<b>Company</b>	BizPay Group Limited (Administrators Appointed) (Receivers and Managers Appointed)	<b>Period From</b>	22 December 2023	<b>To</b>	Conclusion
<b>Practitioner</b>	Jonathon Keenan & Peter Krejci	<b>Firm</b>	BRI Ferrier		
<b>Administration Type</b>	Administrators Appointed				
<b>Period</b>	22 December 2023 to conclusion				
<b>Amount (excl. GST)</b>	\$75,000.00				
<b>Task Area</b>	<b>General Description</b>				
<b>Assets</b>	<b>\$5,000.00</b>				
	Loans/Debtors	Correspondence with the R&M requesting updates on the progress of collection of the loans/debtors			
	Plant and Equipment	Correspondence with the R&M requesting updates on the progress regarding realisation of the Company's plant and equipment			
	Sale of assets/business	Correspondence with the R&M requesting updates on the progress of the sale of the Company's assets/business			
<b>Creditors</b>	<b>\$25,000.00</b>				
	Creditor Enquiries	Receive and respond to creditor enquiries Receive and follow up creditor enquiries by telephone Review and prepare initial correspondence to creditors and their representatives Considering reasonableness of creditor request Obtaining legal advice on requests Compiling information requested by creditors			
	Creditor Reports	Prepare Circular to Creditors regarding Liquidation Prepare Statutory Report to Creditors Preparation of necessary Annexures for Statutory Report to Creditors			
	Dealing with proofs of debt	Receipting, processing, and filing Proofs of Debts when not related to a dividend Maintaining register of Proofs of Debts received Reviewing supporting documentation from creditors			

	Shareholder Enquiries	<p>Receive and respond to shareholder enquiries</p> <p>Receive and follow up shareholder enquiries by telephone</p> <p>Review and prepare initial correspondence to shareholders and their representatives</p> <p>Considering reasonableness of shareholder request</p> <p>Obtaining legal advice on requests</p> <p>Compiling information requested by shareholders</p>
	Proposal to Creditors	<p>Preparing proposal notices and voting forms</p> <p>Reviewing votes and determining outcome of proposal</p> <p>Preparation and lodgement of proposal outcome with ASIC</p>
	Meeting of Creditors	<p>Preparation of Minutes of Meeting</p> <p>Convening creditors meeting as necessary</p>
<b>Investigation</b>		<b>\$30,000.00</b>
	Conducting Investigation	<p>Obtaining and reviewing further Company's books and records</p> <p>Review of specific transactions and liaising with Directors regarding certain transactions</p> <p>Conducting further investigations into potential voidable transactions</p> <p>Conducting further investigations into solvency analysis</p> <p>Preparation of updated investigation file</p> <p>Lodgement of investigation with ASIC</p> <p>Preparation and lodgement of supplementary report if required</p>
	Litigation/ Recoveries	<p>Conducting investigations into potential claims against Directors and related parties</p> <p>Consider conducting public examinations</p> <p>Seeking funding to conduct further investigations and public examinations</p> <p>Preparing brief to solicitors</p> <p>Attend public examinations</p> <p>Consider outcome from public examinations</p> <p>Liaising with solicitors regarding recovery actions</p> <p>Commencing recovery action against Director and/or related parties</p> <p>Negotiating commercial settlement, if necessary</p>
	ASIC Reporting	<p>Preparing statutory investigation reports</p> <p>Liaising with ASIC</p> <p>Preparation of application for funding to conduct further investigations</p>
<b>Employees</b>		<b>\$6,000.00</b>
	Employees enquiries	<p>Receive and follow up employee enquiries via telephone</p> <p>Maintain employee enquiry register</p>

<b>Administration</b>	FEG (if required)	<p>Correspondence with FEG</p> <p>Preparing initial questionnaire</p> <p>Preparing FEG quotation for services</p> <p>Request further supporting documentation from employees to substantiate their claims</p> <p>Preparing verification spreadsheet of employee entitlements</p> <p>Completing FEG questionnaires</p> <p>Correspondence with FEG regarding discrepancies, if any</p>
	Calculation of entitlements (if required)	<p>Calculating employee entitlements</p> <p>Reviewing employee files and Company's books and records</p> <p>Reconciling superannuation accounts</p> <p>Reviewing awards</p>
		<b>\$9,000.00</b>
	ASIC Forms and lodgements	<p>Preparing and lodging ASIC forms</p> <p>Correspondence with ASIC regarding statutory forms</p>
	Bank account administration	<p>Preparing receipt and payment vouchers</p> <p>Bank account reconciliations</p>
	Correspondence	Correspondence with various parties
	Document maintenance/file review/checklist	<p>Filing of documents</p> <p>File reviews</p> <p>Updating checklists</p>
	ATO and other statutory reporting	<p>Notification of appointment</p> <p>Preparing BAS</p>
	Planning / Review	Discussions regarding status of administration
	Books and Records/Storage	Dealing with electronic records backup
	Finalisation	<p>Notifying ATO of finalisation</p> <p>Cancelling ABN/GST/PAYG registration</p> <p>Completing checklists</p> <p>Finalising WIP</p>



## SCHEDULE D – RESOLUTIONS

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

**Resolution: Administrators’ Remuneration for the period 23 November 2023 to 13 December 2023**

*“That the remuneration of the Joint and Several Administrators, their partners and staff for the period 23 November 2023 to 13 December 2023, be calculated on a time basis in accordance with the rates of charge annexed to the Voluntary Administrators’ Second Report to Creditors dated 14 December 2023, be fixed and approved at \$141,771.50 (plus GST), and that the Joint and Several Administrators be authorised to draw that amount.”*

**Resolution: Administrators’ Remuneration for the period 14 December 2023 to 22 December 2023**

*“That the remuneration of the Joint and Several Administrators, their partners and staff for the period 14 December 2023 to 22 December 2023 be calculated on a time basis in accordance with the rates of charge annexed to the Voluntary Administrators’ Second Report to Creditors dated 14 December 2023, and approved to an interim cap of \$25,000.00 (plus GST) and that the Joint and Several Administrators be authorised to draw that amount as and when incurred.”*

If the Company is wound up:

**Resolution: Liquidators’ Remuneration for the period 22 December 2023 to Conclusion**

*“That the remuneration of the Joint and Several Liquidators, their partners and staff for the period 22 December 2023 to the conclusion of the Liquidation, be calculated on a time basis in accordance with the rates of charge annexed to the Voluntary Administrators’ Second Report to Creditors dated 14 December 2023, and approved to an interim cap of \$75,000.00 (plus GST), and that the Joint and Several Liquidators be authorised to draw that amount as and when incurred.”*

*[This area is intentionally left blank]*



## SCHEDULE E – DISBURSEMENTS

Disbursements are divided into three types:

- Externally provided professional services - these are recovered at cost. An example of an externally provided service disbursement is legal fees.
- Externally provided non-professional costs such as travel, accommodation, and search fees. These are recovered at cost.
- Internal disbursements such as photocopying, printing and postage. These disbursements, if charged to the Administration, would generally charge at cost; though some expenses such as telephone calls, photocopying and printing may be charged at a rate which recoups both variable and fixed costs. The recovery of these costs must be on a reasonable commercial basis.

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

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

**Resolution: Administrators' Internal Disbursements for the period 23 November 2023 to conclusion of the Voluntary Administration**

*“That the Joint and Several Administrators be allowed internal disbursements from 23 November 2023 to the conclusion of the Voluntary Administration at the rates of charge in the Voluntary Administrators’ Remuneration Approval Report dated 14 December 2023, up to an amount of \$1,000.00 (plus GST) and that the Joint and Several Voluntary Administrators be authorised to draw that amount as accrued.”*

**Resolution: Liquidators' Internal Disbursements for the period 22 December 2023 to Conclusion of the Liquidation**

*“That the Joint and Several Liquidators be allowed internal disbursements for the period 22 December 2023 to the conclusion of the Liquidation at the rates of charge annexed to the Voluntary Administrators’ Remuneration Approval Report dated 14 December 2023, up to an amount of \$2,000.00 (plus GST) and that the Liquidators be authorised to draw that amount as accrued.”*

*[This area is intentionally left blank]*

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

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

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

**BRI Ferrier**

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**BizPay Group Limited  
(Administrators Appointed)  
(Receivers and Managers  
Appointed)  
ACN 633 797 627  
ABN 69 633 797 627**

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**Annexure "10"  
Advice to Creditors About  
Remuneration**

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## ADVICE TO CREDITORS ABOUT REMUNERATION

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

**BIZPAY GROUP LIMITED (ADMINISTRATORS APPOINTED) (RECEIVERS AND MANAGERS APPOINTED)**  
**ACN 633 797 621 / ABN 69 633 797 621**  
**("THE COMPANY")**

### A REMUNERATION METHOD

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

- Time based / hourly rates or "Time Cost"

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

- Fixed Fee

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

- Percentage

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

- Contingency

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

### B METHOD CHOSEN

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

- We will only be paid for work done, subject to sufficient realisations of the Company assets.
- It ensures creditors are only charged for work that is performed. Our time are recorded and charged in six-minute increments and staff are allocated to duties according to their relevant experience and qualifications.
- We are required to perform a number of tasks which do not relate to the realisation of assets, including responding to creditor enquiries, reporting to the ASIC, distributing funds in accordance with the provisions of the Corporations Act 2001.

BRI Ferrier reviews its hourly rates every twelve months. The hourly rates quoted below remain current. BRI Ferrier may increase the hourly rates charged for work performed and if hourly rates are increased, we will seek approval from creditors.

## C EXPLANATION OF HOURLY RATES

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

Title	Description	Hourly Rates (ex GST)
Principal	Senior member of the firm. May be a Registered Liquidator and/or Registered Trustee. A senior accountant with over 10 years' experience who brings specialist skills and experience to the appointment. Leads staff carrying out appointments.	\$605
Director	An accountant with more than 10 years' experience. May be a 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.	\$580
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.	\$550
Manager	An accountant with at least 6 years' experience. Typically qualified with well-developed technical and commercial skills. Controls and plans all aspects of medium to larger appointments, reporting to the Team Leader.	\$510
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.	\$475
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.	\$390
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.	\$350
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.	\$315
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.	\$220
Senior Administration	Appropriately skilled and undertakes support activities including but not limited to treasury, word processing and other administrative, clerical and secretarial tasks.	\$200
Junior Administration	Appropriately skilled and undertakes support activities including but not limited to treasury, word processing and other administrative, clerical and secretarial tasks.	\$180

## D DISBURSEMENTS

Disbursements are divided into three types:

- Externally provided professional services - these are recovered at cost. An example of an externally provided service disbursement is legal fees.
- Externally provided non-professional costs such as travel, accommodation and search fees. These are recovered at cost.
- Internal disbursements such as photocopying, printing and postage. These disbursements, if charged to the Administration, would generally charged at cost; though some expenses such as telephone calls, photocopying and printing may be charged at a rate which recoups both variable and fixed costs. The recovery of these costs must be on a reasonable commercial basis.

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

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

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

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

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The logo for BRI Ferrier features the text "BRI Ferrier" in a white, sans-serif font. The text is positioned on a dark grey rectangular background. To the right of the text, there is a green triangular shape pointing towards the bottom right corner of the grey rectangle.

**BRI Ferrier**

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**BizPay Group Limited  
(Administrators Appointed)  
(Receivers and Managers  
Appointed)  
ACN 633 797 627  
ABN 69 633 797 627**

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**Annexure "11"  
ASIC Information Sheet**

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# Creditor Information Sheet

## Offences, Recoverable Transactions and Insolvent Trading



### Offences

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

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

### Recoverable Transactions

#### *Preferences*

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

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

#### *Uncommercial Transaction*

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

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



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

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

### **Unfair Loan**

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

### **Arrangements to avoid employee entitlements**

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

### **Unreasonable payments to directors**

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

### **Voidable charges**

Certain charges over company property are voidable by a liquidator:

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

## **Insolvent trading**

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

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

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

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

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

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

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

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**BRI Ferrier**

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**BizPay Group Limited  
(Administrators Appointed)  
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ACN 633 797 627  
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**Annexure "12"  
ARITA Information Sheet**

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**ASIC**

Australian Securities & Investments Commission

## Insolvency information for directors, employees, creditors and shareholders

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

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

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

### List of information sheets

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

### Where can I get more information?

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

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

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