



STATUTORY REPORT TO CREDITORS

MAGIC MUD RENDERING PTY LTD (IN LIQUIDATION)

ACN: 661 385 726

ABN: 56 661 385 726

10 March 2026

**PETER KREJCI
LIQUIDATOR**

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INTRODUCTION

I refer to my initial report to creditors dated 12 January 2026 in which my appointment as Liquidator of the Company was advised along with your rights as a creditor in the liquidation.

The purpose of this report is to provide creditors with information regarding the following:

- ▲ The estimated amount of asset and liabilities of the Company;
- ▲ An update on the progress of the Liquidation and further actions that may need to be undertaken;
- ▲ What happened to the business;
- ▲ The likelihood of creditors receiving a dividend before the affairs of the Company are fully wound up; and
- ▲ Possible recovery actions.

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

Creditors can find copies of all previous reports on this matter on our website.

- ▲ BRI Ferrier <https://briferrier.com.au/>

COMPANY DETAILS

Name	Magic Mud Rendering Pty Ltd (In Liquidation)
Incorporated	1 August 2022
ACN	661 385 726
Registered Office	Slack-Smith Financial Pty Ltd 169 Marius Street Tamworth NSW 2340
Trading Address	435 Oxley Lane Westdale NSW 2340

LIQUIDATOR

Name	Peter Krejci
Date Appointed	10 December 2025

ADMINISTRATION CONTACT

Name	Mustafa Kashif
Email	mkashif@brifnsw.com.au
Phone	02 8263 2315

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GLOSSARY OF COMMON ACRONYMS & ABBREVIATIONS

ABN	Australian Business Number
ACN	Australian Company Number
Act	Corporations Act 2001 (Cth)
ARITA	Australian Restructuring Insolvency and Turnaround Association
ASIC	Australian Securities and Investments Commission
ATO	Australian Taxation Office
CBA	Commonwealth Bank of Australia
CL	Court Liquidation
Company	Magic Mud Rendering Pty Ltd (In Liquidation) ACN 661 385 726
Court	Supreme Court of NSW
DEWR	Department of Employment and Workplace Relations
DCoT	Deputy Commission of Taxation
Directors	Mr. Zane Aaron Genoli / Mrs. Tabitha Genoli
DIRRI	Declaration of Independence, Relevant Relationships & Indemnities
FEG	Fair Entitlements Guarantee
Firm	BRI Ferrier
iCare	Workers Compensation Nominal Insurer
Initial Report	Initial Report to Creditors dated 12 January 2026
IPR	Insolvency Practice Rules (Corporations) 2016
IPS	Insolvency Practice Schedule (Corporations) 2016
NSW	New South Wales
Petitioning Creditor	iCare
POD	Proof of Debt
PPSR	Personal Properties Securities Register
RBA	Running Balance Account
ROCAP	Report on Company Activities and Property
Slack	Slack-Smith Partners
SGC	Superannuation Guarantee Charge

EXECUTIVE SUMMARY

As you are aware, I was appointed Liquidator of the Company on 10 December 2025 pursuant to an Order of the Supreme Court of NSW. The Petitioning Creditor in this matter is the Workers Compensation Nominal Insurer, iCare in respect of an unsecured debt of \$52,350.00 relating to outstanding insurance premiums.

This report has been prepared in accordance with Rule 70-40 of the Insolvency Practice Rules to provide creditors with an update on developments in this Liquidation. I provide hereunder a summary of my preliminary investigations into the affairs of the Company to date, the potential return for creditors and the conduct of the Liquidation over the past three (3) months.

As advised in my Initial Report to Creditors, the Company was incorporated on 1 August 2022 and operated as a rendering and plastering business based in Tamworth, NSW. Mr Zane Aaron Genoli and Ms Tabitha Jade Genoli are both the sole shareholders, holding 10 shares each (20 shares in total).

The Director has provided a completed ROCAP together with a small quantity of books and records of the Company. However, compliance was delayed because the documents initially submitted were incomplete, with missing information and unsigned sections. My staff liaised with the Director's representatives and after further information was provided, I have determined that the documents are sufficiently completed to enable lodgement of the ROCAP with ASIC and the Court.

I have identified that the Company is the registered owner of a 2022 Mitsubishi Triton, subject to finance through Automotive Leasing. The Director indicated that he wished to retain the vehicle and was prepared to continue meet any finance obligations. Based on my investigations, it appears that there was a small amount of equity available in the vehicle and as such, I agreed to transfer the registration of the vehicle in exchange for \$5,000 which represented the equity available. I have also disclaimed my interest, and have advised the financier that the Director wished to adopt the lease.

Through my own enquiries, I obtained access to the Company's management accounts operated through Xero. Based on my review, it would appear that the management accounts are sufficient to enable true and fair financial statements to be prepared in accordance with Section 286 of the Corporations Act.

I have reviewed the Company's financial statements, and have noted a small quantum of debtors outstanding. I have written to these parties to request payment and at this stage I have only received 1 response indicating that payment has been made. I am currently investigating where these funds have been paid.

The Company's balance sheet also indicates that there are sizable loans owed to the Company by the Company's directors. I will shortly be issuing a demand for the repayment of these amounts to the Company.

In terms of liabilities, I have identified two (2) unsecured creditors of the Company being iCare who have claimed \$52,350.00 in outstanding workers compensation insurance premiums, and the ATO who have claimed \$169,772.60 for outstanding GST and PAYGW. I note that the ATO debt however is likely to increase pending lodgement of outstanding returns.

I will shortly be lodging with ASIC a report pursuant to Section 533(1) of the Act. This report to ASIC is a legislative requirement in liquidations where potential offences and breaches of the Act by Directors and Officers of the Company have been identified and/or the estimated return to unsecured creditors is less than fifty (50) cents in the dollar.

At this stage, there have been minimal recoveries in the Liquidation to discharge my Liquidator costs in full. On this basis, it is unlikely that a dividend will be paid in the Liquidation. However, any dividend will be dependent on amount recovered from debtors and the outstanding directors loan account.

Should any creditor have any relevant information which may assist my investigations or potential asset recoveries or wish to fund my further investigations, they should contact my office by no later than **10 April 2026**. Otherwise, absent any substantive new information, the Liquidation may continue for the next six (6) to twelve (12) months.

1. BASIS OF REPORT

This report has been prepared primarily from information received from the Director both through a telephone discussion and the financial reports produced from the Company's Xero file provided by the Accountant.

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

- ▲ ASIC;
- ▲ Management accounting records maintained with Xero;
- ▲ Financial Statements; and
- ▲ Extracts from public information databases.

2. DISCLAIMER

An investigation of the Company's affairs has been conducted and this report and the statements made herein have been prepared based upon available books and records, information provided by the Director and from my own enquiries.

Whilst I have no reason to doubt the accuracy of the information provided or contained herein, I reserve the right to alter my opinions or conclusions should the underlying data prove to be inaccurate or materially change after the date of this report.

Neither I, 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 me, or necessary estimates and assessments made for the purposes of the report.

This report is not for general circulation, publication, reproduction, or any use other than to assist creditors in evaluating their position as creditors of the Company and must not be disclosed without the prior approval of the Liquidator.

Creditors should consider seeking their own independent legal advice as to their rights and options available to them.

Should any creditor have material information in relation to the Company's affairs which they consider may impact on my investigations or report, please forward details in writing as soon as possible.

3. DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS, AND INDEMNITIES

There are no amendments or updates to my previously circulated DIRRI.

4. CORPORATE INFORMATION

The following is a summary of the Company's statutory and business details obtained from the ASIC database and the Personal Property Securities Register ("PPSR") database:

4.1 COMPANY DETAILS

Company Name	Magic Mud Rendering Pty Ltd (In Liquidation)
Registered Address	Slack-Smith Financial Pty Ltd 169 Marius Street Tamworth NSW 2340
Principal Place of Business	435 Oxley Lane Westdale NSW 2340
Incorporation Date	1 August 2022
ABN	56 661 385 726
ACN	661 385 726

4.2 COMPANY OFFICE HOLDERS

Name	Position	App Date	Cease Date
Zane Aaron Genoli	Director/Secretary	1/08/2022	Current
Tabitha Jade Genoli	Director/Secretary	1/08/2022	Current

4.3 SHAREHOLDINGS

Name	Share Class	No. of Shares	Fully Paid Up	Status
Zane Aaron Genoli	ORD	10	Yes	Current
Tabitha Jade Genoli	ORD	10	Yes	Current

5. LEGAL PROCEEDINGS

Pursuant to Section 471B of the Act, my appointment as Liquidator automatically stays any current legal proceedings against the Company.

Creditors cannot commence or continue proceedings against the Company without my written consent or without leave of the Court.

I am not aware of any current proceedings involving the Company.

6. COMPANY BACKGROUND AND EVENTS LEADING TO MY APPOINTMENT

The following information was obtained from enquiries with third parties and information obtained from same by me.

- ▲ The Company was incorporated on 1 August 2015 operated a rendering and plastering business in Tamworth NSW.

- ▲ Mr Zane Aaron Genoli and Ms. Tabitha Jade Genoli are the sole directors and shareholders of the Company having been appointed since the Company's incorporation.
- ▲ My investigations reveal the Company's Registered Address as Slack-Smith Financial Pty Ltd 169 Marius Street Tamworth NSW 2340 and Principal Place of Business to be 435 Oxley Lane Westdale NSW 2340.
- ▲ I am advised that Slack-Smith Financial are the external advisors to the Company, and my staff have been liaising with Slack-Smith to obtain access to the Company's books and records as well as a completed ROCAP.
- ▲ On 14 May 2025, iCare served the Company with a Statement of Claim for unpaid Workers Compensation Insurance premiums outstanding from as early as August 2022. Judgment for an amount of \$48,917.64 was obtained on 9 July 2025. A Creditor's Statutory Demand was served on the Company on 4 August 2025. The Statutory Demand was not complied with and iCare (as the nominal workers compensation insurer) subsequently applied to have the Company wound up on the grounds of insolvency.
- ▲ On 6 November 2025, the Petitioning Creditor filed a winding up application against the Company for its outstanding debt. On 10 December 2025, I was appointed Liquidator of the Company.

7. REASONS FOR FAILURE

The Director has submitted a completed ROCAP, however has not provide a reason for the Company's failure.

Based on my investigations to date, I have identified the following reasons for the Company's failure:

- ▲ Insufficient cashflow or high cash use – A review of the Company's Xero management accounts indicates that operational costs exceeded trading income. The Company appears to have maintained very little working capital, where it appears that the Directors would often deposit additional funds on an 'as needed' basis.

8. HISTORICAL FINANCIAL INFORMATION

I have reviewed the Company's management accounts for the period 1 August 2022 to the date of my appointment. I note the below reports were extracted from the Company Xero management accounting system.

8.1 BALANCE SHEETS

Attached as **Annexure C** is a comparative analysis of the Balance Sheets for the abovementioned periods. I make the following comments on the Company's Financial Position for FY23 to FY25:

- ▲ The Company's major asset are accounts receivable. These are recorded in the financial statements as both current and non current assets. It would appear that the non current debtors are large directors loan accounts, which as 30 June 2025, has a balance of \$136K.

- The Company's only plant and equipment is a 2022 Mitsubishi Triton, which as at 30 June 2025, had a written down value of \$23K. As advised above, I have disclaimed my interest in the vehicle and have advised the financier that the Directors wishes to novate the lease.
- The Company's largest liabilities pertain to outstanding statutory liabilities, including unpaid PAYG and GST, with the Company GST liability increasing by almost 80% from FY24 to F25.

8.2 PROFIT AND LOSS STATEMENTS

Attached as **Annexure D** is a comparative analysis of the Company's Financial Statements for the financial years ended 30 June 2023, 30 June 2024, 30 June 2025 and Profit and Loss Statements for the period 1 July 2025 to the date of appointment, obtained from Xero.

- It appears that the Company's sales for each financial year remains consistent over FY23 to FY25, however cost of goods and operating expenses increased over the same period by approximately 56%.
- Wages, salaries and superannuation are the Company's largest expenses with these employee related expenses representing over 70% of all operational expenses.

9. CURRENT FINANCIAL POSITION

Below is my analysis of the current financial position of the Company, with regard to available books and records and my enquiries to date.

Magic Mud Rendering Pty Ltd (In Liquidation)				
ACN 661 385 726				
Summary of Director's Report on Company Activities and Property				
		Book Value as at Report 10/12/2025 Reference (\$)	Director's ERV (per ROCAP) (\$)	Liquidator's ERV (\$)
Assets				
Cash and Cash Equivalents	9.1.1	-	-	-
Account Receivable	9.1.2	34,393	8,059	34,393
Motor Vehicles	9.1.3	37,000	-	5,000
Director Loans		152,657	-	TBC
Total Assets		224,050	8,059	39,393
Liabilities				
Petitioning Creditor's Costs	9.2.1	9,170	-	-
Secured Creditors	9.2.2	-	-	-
Priority Creditors	9.2.3	-	61,107	61,107
Unsecured Creditors				
ATO	9.2.4	169,773	-	169,773
iCare	9.2.4	52,350	-	52,350
Total Liabilities		231,292	61,107	283,230
Estimated Net Asset / (Deficiency)		7,243	53,048	(243,837)

9.1 ASSETS

9.1.1 Cash and Cash Equivalents

On appointment, I made enquiries with all major banks in Australia seeking details of any bank accounts maintained by the Company. These enquiries revealed that the Company previously held two bank accounts with the CBA with balances of -\$4.93 and \$0.19 as at the date of my appointment.

9.1.2 Accounts Receivable

My review of the Company's financial statements also identified a Director's Loan Account with an outstanding debit balance of \$152,657 as at the date of my appointment. I will shortly be issuing a formal demand letter to the Director seeking repayment of this amount and will consider further recovery actions if required.

Based on my investigations to date, I have reason to believe that the Director has instructed certain debtors to make payment to alternate bank accounts not in the Company's name. I have received correspondence from one of the debtors who has provided a remittance advice as proof of payment and advised that he was requested via text message to make payment to an alternate account.

I have also identified that on the date of my appointment, a debtor of the Company made payment for an outstanding invoice, deposited into the Company’s bank account and then immediately swept to another bank account. I have written to CBA requesting a full tracing of this account, including transaction history and account ownership details, to confirm if Company funds have been improperly diverted.

9.1.3 Motor Vehicles

A search of the Transport for NSW database identified the following one (1) motor vehicle registered in the Company’s name as at the date of my appointment:

- 2022 Mitsubishi Triton (Mitsubishi)

I note the Mitsubishi was subject to a PPSR registration in favour of Macquarie Finance Pty Ltd which was sold Allied Retail Finance Pty Ltd trading as Automotive Leasing. I provide further commentary regarding the Mitsubishi at 9.2.2 of this report.

A RedBook valuation obtained for the vehicle indicated an estimated market value of approximately \$37,000. During discussions with the Director, he indicated that he wished to retain the vehicle and continue to meet the associated finance obligations.

I have entered into an agreement with the Director, to transfer the registration and disclaim the vehicle in exchange for \$5,000, representing the estimated equity available in the vehicle. I have received this amount and have provided signed registration papers to the Directors, to transfer ownership of the vehicle.

I have not identified any other vehicles registered in the Company’s name.

9.2 LIABILITIES

9.2.1 Petitioning Creditor Costs

The Petitioning Creditor’s costs in respect to this matter were determined by the Court at a fixed amount of \$9,169.61. Pursuant to Section 556(1)(b) of the Act, these costs are afforded a statutory priority over all other unsecured claims and costs incurred in the Liquidation, once expenses incurred in “preserving, realising or getting in” property of the Company are discharged.

9.2.2 Secured Creditors

A search of the Personal Property Securities Register (“PPSR”) indicates the following registration over Company assets:

Registration	Secured Party	Start Date	Collateral Class
202208180008856	Macquarie Leasing Pty Ltd	18/08/2022	Commercial – Motor Vehicle

Upon my appointment, I wrote to the PPSR-registered creditor noted above. Macquarie Leasing subsequently advised that the PPSR registration formed part of a portfolio of securities that had been

sold to Allied Retail Finance Pty Ltd, trading as Automotive Leasing. Following this advice, Automotive Leasing provided my office with a payout figure of \$32,044.17 applicable to the finance facility associated with the above mentioned Mitsubishi Triton.

As discussed above, I have sold the vehicle to the Directors and a Form 525 – “Notice of Disclaimer of Onerous Property” – was lodged with ASIC to formally disclaim my interest in the asset. I have written to the financier to confirm that I have disclaimed my interest and have no objections to a novation of the lease to the Directors. I understand that the Directors have reached out to the financier in this regard and are in negotiation of new terms.

In any event, if you have leased property to the Company, have a retention of title claim or hold a Personal Property Security in relation to the Company, please contact Mr Mustafa Kashif of this office as soon as possible.

9.2.3 Priority Creditors

The Director has advised in his ROCAP, that the only outstanding employee entitlements is superannuation to an amount of \$61K. These amounts are owed to Directors and one other employee.

To the extent that there are amounts owed to former employees, they are eligible to apply to the Federal Government, which has established a safety net scheme known as the FEG, for payment of their outstanding entitlements. FEG is administered by the Department of Employment and Workplace Relations (“DEWR”) for eligible employees who have been terminated as a result of their employer’s insolvency and are owed entitlements.

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

- 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 Director and relatives of the Director as defined by the *Corporations Act 2001*.

To obtain further information, DEWR may be contacted on 1300 135 040 or alternatively, please visit their website at: <https://www.dewr.gov.au/fair-entitlements-guarantee>

9.2.4 Unsecured Creditors

As previously noted, my investigations to date have identified two (2) unsecured creditors. I provide details into their claim as follows:

- ▶ The DCoT have advised of a debt owed to them in the amount of \$169,772.60 relating to running balance account deficits. The Company appears to be up to date with its lodgements, with only 1 BAS outstanding for the period leading to our appointment. Likewise, only 1 Company tax return and one fringe benefits tax return outstanding
- ▶ iCare have advised of a debt owed to them in the amount of \$52,350.00 relating to unpaid insurance premiums. This includes priority costs ordered by the Court of \$9,169.61

I encourage any creditors who have not already done so, to lodge their creditor claims with this office. In this regard, please complete the Formal Proof of Debt form, attached as **Annexure A**, and return it together with documentary evidence to support your claim.

10. INVESTIGATIONS

As Liquidator, I am required to review certain transactions to determine whether or not claims for statutory recoveries may be made for the benefit of creditors. Attached as **Annexure I** is the ARITA creditor information sheet on Offences, Recoverable Transactions, and Insolvent Trading.

Whilst a potential claim may be identified having regard to the Company's records, any net recovery ultimately depends upon:

- ▶ The costs involved in pursuing a claim; and
- ▶ The capacity of the defendant to meet such a claim.

10.1 INVESTIGATIONS UNDERTAKEN

During the course of these investigations, I have:

- ▶ Taken possession of limited books and records of the Company and reviewed same;
- ▶ Written to relevant authorities requesting information required for investigations;
- ▶ Carried out ASIC and other searches available to me in relation to the Company;

- ▲ Ascertained by inquiring with the Director about the history of the Company and the nature of the business;
- ▲ Performed a review of the available bank statements to identify potential preferences, uncommercial transactions, and unfair loans (sections 588FA, 588FB, 588FD and 588FE of the Act).

10.2 BOOKS AND RECORDS

Section 286 of the Act requires a company is to keep written financial records that:

- ▲ correctly record and explain its transactions, financial position, and performance; and
- ▲ 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 and records were not maintained (Section 588E of the Act).

Books and records required to sufficiently prepare financial statements that would correctly record and explain its transactions and financial position and performance and that would enable true and fair financial statements to be prepared and audited, at minimum, include the following:

- ▲ Financial statements including P & L's, balance sheets, depreciation schedule, tax returns
- ▲ General Ledger
- ▲ General Journal
- ▲ Asset register
- ▲ Computer Back up Discs
- ▲ Cash records including bank statements cash receipts journal, bank deposit books, cash payments journal, cheque butts and petty cash books.

Upon my appointment, I requested the Company's Director to deliver all Company books and records to enable me to investigate the affairs of the Company. To date, I have not received any books and records from the Director. Through my own enquiries, I have obtained access to the Company's management accounts in Xero which were maintained by the Director. My review of these management accounts indicates that recent management accounts do not appear to have been reconciled, such that they may be inaccurate. It is my view that this is a function of the business ceasing to trade and/or a possible phoenix, and it is likely that accurate financial accounts could be produced from the available records if needed.

It is my preliminary view that the Company has kept sufficient books and records to meet the requirements of Section 286 of the Act.

10.3 RISK OF LITIGATION ACTIONS GENERALLY

Part 5.7B of the Act gives liquidators 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).

10.4 PROVING INSOLVENCY

Recovery actions under Part 5.7B of the Act, including unfair preferences, uncommercial transactions, and insolvent trading, require a liquidator to demonstrate that the Company was insolvent at the time of the transaction. Proving insolvency may be a complex, lengthy and a costly exercise.

11. FINDINGS AND RECOVERY ACTIONS

11.1 INSOLVENT TRADING

Pursuant to Section 588G of the Act, a director may be personally liable for insolvent trading by a company where:

- 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 Act 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.

Based on my investigations conducted to date, it is my preliminary view that the Company was insolvent from incorporation. The reasons for my assessment are as follows:

11.2 WORKING CAPITAL ANALYSIS

- Prima facie, the Company's management accounts indicates there has been insufficient working capital from incorporation. A summary is shown below.

Magic Mud Rendering Pty Ltd (In Liquidation) Comparative Balance Sheets				
	As at 30-Jun-23	As at 30-Jun-24	As at 30-Jun-25	As at 10-Dec-25
Working Capital Analysis	(\$)	(\$)	(\$)	(\$)
Current Assets	7,780	15,031	8,275	8,275
Current Liabilities	57,235	137,739	230,272	234,577
Net Working Capital	(49,455)	(122,707)	(221,996)	(226,302)
Current Asset Ratio	0.14	0.11	0.04	0.04

- The working capital analysis supports a gradual deterioration in the Company's working capital position from the time of its incorporation, indicating a progressive decline in liquidity and the Company's ability to meet its short-term obligations.

11.3 INDICATORS OF INSOLVENCY

In addition, I have observed the following indicators of insolvency:

- The Company was subject to creditor demands from the Petitioning Creditor for insurance premiums.
- Overdue Commonwealth and State taxes. The DCoT has lodged a POD in the amount of \$169,772.60 for outstanding taxation liabilities.
- The Company was unable to satisfy its superannuation contributions to its employees.
- The Company's current ratio was below 1 since incorporation. A current ratio of less than 1 is an indication that the Company had insufficient short-term assets to meet its short-term liabilities.
- The Company's bank statements reveal rounded payments which are not reconcilable to specific invoices.
- Inability to produce timely financial information to make reliable forecasts.

11.4 ASSESSMENT OF INSOLVENCY

In light of the above, I am of the view that the Company may have been trading whilst insolvent from at least 1 August 2022.

11.5 POTENTIAL QUANTUM OF CLAIM

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

outstanding. For the purposes of this Report, I have prepared a preliminary assessment of the claim, assuming the Company was insolvent since incorporation.

My preliminary investigations indicate that an insolvent trading claim may be valued at circa \$222,122.60, based on proofs of debts received to date, as detailed below.

Insolvent Trading Calculation	Total Amount (\$)
DCoT	169,772.60
iCare	52,350.00
Total	222,122.60

11.6 RECOVERY OF CLAIM

When assessing any potential litigation for insolvent trading, a Liquidator must consider the Directors financial position and his ability to meet any insolvent trading claim should it be successfully proven. I am not empowered at law to compel the Directors to provide a statement of their personal financial position. A NSW Land Title Search conducted on the Directors indicates that they appear to be the joint proprietor of a real property located at Currabubula NSW 2342. Given this information, I am of the opinion that pursuing an insolvent trading claim may be commercial, as the Directors appear to hold assets capable of satisfying a potential judgment.

12. VOIDABLE TRANSACTIONS

Voidable transactions include transactions such as unfair preferences, uncommercial transactions, unfair loans, unreasonable director related transactions and circulating security interests created within six months before the relation-back day (**RBD**), which is the date the winding up application was filed against the Company, i.e. 6 November 2025.

These transactions usually relate to the period six (6) months prior to the RBD; 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 to defraud.

12.1 UNFAIR PREFERENCES (588FA)

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 RBD, if the Company is insolvent at that time. I additionally note that pursuant to S588FE(4) of the Act clawback provisions available to the Liquidator extend to four (4) years for transactions to related-party creditors.

I have not identified any payments that may be considered preferential in nature.

12.2 UNCOMMERCIAL TRANSACTIONS (S588FB)

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

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

I have not identified any payments that may be considered uncommercial in nature.

12.3 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.

I have not identified any payments that may be considered an unfair loan.

12.4 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.

I have identified the Director's loan account reported under Section 9.1.2 to constitute as unreasonable director related transactions.

12.5 CREDITOR-DEFEATING DISPOSITIONS (S588FDB)

A disposition of company's property is a creditor-defeating disposition if the consideration payable to the company for the disposition was less than the market value of the property and if the disposition has the effect of preventing the property from becoming available for the benefit of the company's creditors in the winding-up of the company.

My investigation are preliminary at this stage but searches of the ASIC databased have identified that the Directors have on 1 December 2025 incorporated a new legal entity. This coupled with the redirection of debtor funds due to the Company, could indicate that there has been some attempt to 'phoenix' the Company's business. Further investigations are warranted in this regard.

13. SUMMARY OF POTENTIAL OFFENCES

In summary, I consider there are various potential contraventions of the Act as follows:

Breach	Commentary
s180—Failure to exercise due care and diligence (civil)	<ul style="list-style-type: none">➤ Unable to satisfy superannuation owed to the Company's employees.➤ Failure to pay statutory debts including iCare premiums and DCoT.➤ Electing to draw funds for personal expenditure whilst outstanding debts were owed to creditors of the Company.➤ Causing or permitting the transfer of pre-appointment debtor receipts to an account other than the Company's account, to the detriment of creditors.
s181(1)—Absence of good faith or proper purpose (civil)	➤ Same as above
s182 - Use of Position	➤ Same as above
S588G(2) - Trading whilst insolvent (civil)	➤ The insolvency of the Company is supported by the inability of the Company to adequately pay their iCare premiums and DCoT debts as well as the reasons set out in Section 11.3 above.

14. RECEIPTS AND PAYMENTS

The receipts and payments up to the date of this report are attached as **Annexure B**.

15. ESTIMATED RETURN TO CREDITORS

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

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

At this stage, there have been minimal recoveries in the Liquidation, and I have been unable to discharge my professional costs in full. Any return to creditors is therefore contingent on recovery of claims identified in Section 12 above. Unless there are significant recoveries from these claims, there will not be any dividends available for any class of creditors in this Liquidation.

16. REMUNERATION OF LIQUIDATOR

It is my intention to seek approval from creditors with respect to my current and future remuneration for the sum of \$65,669.00 (plus GST) for the period 10 December 2025 to the conclusion of the Liquidation. Details of work completed for the period 10 December 2025 to 5 March 2026 and for future work to be completed are summarised in the Remuneration Approval Report attached as **Annexure E**.

I propose for creditors to determine my remuneration via proposals without meeting attached as **Annexure F**. The proposals without meeting provide a cost-effective method for the approval my remuneration without the need to convene a formal meeting. Should creditors wish to vote on these resolutions, I request these forms be returned to my office by close of business, 1 April 2026.

If I receive a request for a meeting that complies with the guidelines set out in the creditor rights information sheet, I will hold a meeting of creditors. Please find attached **Annexure G** for information on Proposals Without a Meeting.

17. MATTERS OUTSTANDING

The outstanding matters in the administration are:

- ▲ Pursue director loans, insolvent trading claims, breaches of director duties and voidable transactions;
- ▲ Finalise Investigations and submit Initial Statutory Report to ASIC;
- ▲ Correspondence with creditors;
- ▲ Statutory lodgements and general administrative matters; and
- ▲ Conduct finalisation procedures.

Subject to the timing of the finalisation of the above matters and any unforeseen circumstances, I currently estimate that the administration will be finalised within 6-12 months.

18. CONCLUSION

It would be appreciated if you would consider the matters detailed in this report and please write to this office setting out full particulars if you are:

- ▲ Aware of any errors in the information contained within this report including the non-disclosure of any divisible assets; and
- ▲ Have any information that you consider is relevant for creditors' decision making or relevant information that may help assist the liquidator's investigations into the affairs of the Company.

Creditors should however, maintain their records in relation to the affairs of the Company and advise this office of any change of address.

Additional general information regarding liquidations which may be of assistance, is available from the following websites:

- ▲ ARITA at www.arita.com.au/creditors ; and
- ▲ ASIC at www.asic.gov.au (search for "insolvency information sheets"), also attached as **Annexure H** to this report.

Should you require assistance in completing the relevant forms or have any queries, please contact the Administration Contact shown at page 1 of this report.

Any further reports will be issued as considered appropriate.

Yours faithfully,

MAGIC MUD RENDERING PTY LTD (IN LIQUIDATION)



PETER KREJCI
LIQUIDATOR

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 on the right side.

BRI Ferrier

**Magic Mud Rendering Pty Ltd
(In Liquidation)
ACN 661 385 726**

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

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

To the Liquidator of Magic Mud Rendering Pty Ltd (In Liquidation) ACN 661 385 726

1. This is to state that the company was, on 10 December 2025 ⁽¹⁾ and still is, justly and truly indebted to⁽²⁾ (full name):

.....
('Creditor')

.....
of (full address)

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

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

Date	Consideration ⁽³⁾ state how the debt arose	Amount \$ (Incl. GST)	Remarks ⁽⁴⁾ include details of voucher substantiating payment

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

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

Date	Drawer	Acceptor	Amount \$ c	Due Date

I am **not** a related creditor of the Company ⁽⁵⁾

I am a related creditor of the Company ⁽⁵⁾
relationship:

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

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

The External Administrators' (whether as Voluntary Administrators/Deed Administrators/Liquidators) will send and give electronic notification of documents in accordance with Section 105A of the Corporations Act 2001. Please provide your email address below:

Contact Name:

Email Address:

DATED this.....day of.....2026

NAME IN BLOCK LETTERS

Occupation

Address

Signature of Signatory

OFFICE USE ONLY

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

Proof of Debt Form Directions

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

Annexures

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

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BRI Ferrier

**Magic Mud Rendering Pty Ltd
(In Liquidation)
ACN 661 385 726**

**Annexure "B"
Summary Receipts and Payments**

Receipts and Payments Summary By Account: Magic Mud Rendering Pty Ltd - Magic Mud
Bank, Cash and Cash Investment Accounts: All Dates (Gross Method)

Type	Account	GST	Total
NON-TRADING RECEIPTS			
	Interest Income		12.64
	Sale of Motor Vehicle		5,000.00
		0.00	5,012.64
	Net Non-Trading Receipts and Payments	0.00	5,012.64
	Net Receipts (Payments)	0.00	5,012.64

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**Magic Mud Rendering Pty Ltd
(In Liquidation)
ACN 661 385 726**

**Annexure "C"
Comparative Balance Sheets**

Magic Mud Rendering Pty Ltd (In Liquidation)
ACN 661 385 726
Comparative Balance Sheets

	Financial Statements			
	As at 30-Jun-23 (\$)	As at 30-Jun-24 (\$)	As at 30-Jun-25 (\$)	Xero As at 10-Dec-25 (\$)
ASSETS				
Bank				
Cash at Bank	-	5,072	-	5,489
Total Bank	-	5,072	-	5,489
Current Assets				
Accounts Receivable	7,380	14,723	8,059	34,393
Borrowing Costs	380	288	196	196
Cash on Hand	20	20	20	20
Total Current Assets	7,780	15,031	8,275	34,609
Fixed Assets				
Motor Vehicles	54,193	54,193	54,193	54,193
Motor Vehicles: Less Accumulated Depreciation	(11,804)	(22,401)	(30,349)	(30,349)
Total Fixed Assets	42,389	31,792	23,844	23,844
Non-Current Assets				
2023 Directors Loan	90,802	(13)	-	6,252
2024 Directors Loan	13	98,205	-	14
2025 Director Loan	-	-	136,053	146,391
Total Non-Current Assets	90,815	98,191	136,053	152,657
TOTAL ASSETS	140,985	150,087	168,173	216,599
LIABILITIES				
Current Liabilities				
ATO ICA	-	76,869	137,724	137,724
Chattel Mortgage - 2022 Triton CL	13,128.72	13,129	13,129	13,129
Chattel Mortgage - 2022 Triton CL: Less Unexpired Interest	(4,615)	(3,765)	(2,831)	(2,831)
GST	14,168	3,968	1,797	6,102
Income Tax Payable	1,035	761	(822)	(822)
Magic Mud Rendering Pty	125	-	0	0
Mastercard	9,130	3,460	4,071	4,071
Owner A Funds Introduced	-	-	-	6,515
PAYG Withholding Payable	11,306	10,933	22,028	22,028
Sundry Creditors	-	-	274	274
Superannuation Payable	12,957	32,385	54,902	54,902
Wages Payable - Payroll	-	-	-	(1,780)
Total Current Liabilities	57,235	137,739	230,272	239,312
Non-Current Liabilities				
Chattel Mortgage - 2022 Triton NCL	52,246	39,118	25,989	25,989
Chattel Mortgage - 2022 Triton NCL: Less Unexpired Interest	(8,594)	(4,829)	(1,997)	(1,997)
Loan - Ute Triton	-	-	-	(3,556)
Total Non-Current Liabilities	43,652	34,289	23,991	20,436
TOTAL LIABILITIES	100,887	172,028	254,263	259,748
NET ASSETS	40,097	(21,941)	(86,091)	(43,149)
EQUITY				
Current Year Earnings	40,077	(62,038)	(64,150)	42,942
Paid Up Share Capital	20	20	20	20
Retained Earnings	-	40,077	(21,961)	(86,111)
TOTAL EQUITY	40,097	(21,941)	(86,091)	(43,148)

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**Magic Mud Rendering Pty Ltd
(In Liquidation)
ACN 661 385 726**

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

Magic Mud Rendering Pty Ltd (In Liquidation)

ACN 661 385 726

Comparative Profit & Loss Statements

	Financial Statements			
	Year Ended	Year Ended	Year Ended	Xero
	30-Jun-23	30-Jun-24	30-Jun-25	Year Ended
	(\$)	(\$)	(\$)	10-Dec-25
	(\$)	(\$)	(\$)	(\$)
Trading Income				
Sales	312,174	369,043	356,803	47,160
Total Trading Income	312,174	369,043	356,803	47,160
Cost of Sales				
Cost of Goods Sold	48,832	120,715	120,542	2,404
Total Cost of Sales	48,832	120,715	120,542	2,404
Gross Profit	263,342	248,328	236,261	44,756
Other Income				
Interest Income	-	2,273	3,845	0
Total Other Income	-	2,273	3,845	0
Operating Expenses				
Advertising	1,213	808	934	
Bank Fees	106	512	393	110
Borrowing Expenses	80	92	92	
Cleaning	146	78	656	
Client Meetings	1,741	973	1,395	
Depreciation	11,804	10,597	7,948	
Filing Fees	-	310	321	
Fines & Penalties	-	1,252	-	
Freight & Courier	24	27	-	
Income Tax Expense	1,035	274	822	
Insurance	8,142	6,170	12,358	842
Interest Expense	5,033	8,935	15,660	
Light, Power, Heating	-	5,382	5,455	218
Motor Vehicle Expenses	9,720	26,714	19,902	228
Office Expenses	463	2,336	4,387	
Protective Clothing	519	2,248	709	
Repairs and Maintenance	42	32	140	
Staff Amenities	826	6,321	5,981	
Subscriptions	-	158	234	63
Superannuation	16,504	22,086	22,517	
Telephone & Internet	4,160	5,819	5,301	353
Tool Replacements	564	336	829	
Travel - National	3,960	10,945	4,066	
Wages and Salaries	157,182	200,784	195,800	
Total Operating Expenses	223,264	312,640	304,255	1,814
Net Profit	40,077	(62,038)	(64,150)	42,942

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**Magic Mud Rendering Pty Ltd
(In Liquidation)
ACN 661 385 726**

**Annexure "E"
Remuneration Approval Report**

Remuneration Approval Report

**Magic Mud Rendering Pty Ltd
(In Liquidation)**

**ACN: 661 385 726
ABN:56 661 385 726
("the Company")**

10 March 2026

**Peter Krejci
Liquidator**

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
Website: www.briferrier.com.au

BRI Ferrier

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EXECUTIVE SUMMARY

I am asking creditors to approve my remuneration of \$65,669.00 (excl. GST) and disbursements of \$1,000.00.

Details of remuneration and disbursements can be found in section 3 and 4 of this report.

I am asking creditors to approve my remuneration via proposals without a meeting.

I estimate the total cost of this Liquidation will be approximately \$66,669.00 (excl. GST).

DECLARATION

I, Peter Krejci of BRI Ferrier, have undertaken an assessment of this remuneration and disbursements claim in accordance with the law and applicable professional standards. I am satisfied that the remuneration and disbursements claimed are necessary and proper.

I 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.

REMUNERATION SOUGHT

The remuneration I am asking creditors to approve is as follows:

For	Period	Amount \$ (excl. GST)	Rates	When it will be drawn
Current Work	10 December 2025 to 5 March 2026	\$25,669.00	Provided in my Initial Remuneration Notice dated 12 January 2026	It will be drawn when approved and funds are available
Future Work	6 March 2026 to Conclusion	\$40,000.00	Provided in my Initial Remuneration Notice dated 12 January 2026	It will be drawn when approved and funds are available, and it is incurred
TOTAL		\$65,669.00 (excl. GST)		

Details of work completed for the period 10 December 2025 to 5 March 2026 and future work to be undertaken for the period 6 March 2026 to Conclusion are included in Schedule A.

Schedule B includes a breakdown of time spent by staff members on each major task for completed work.

Details of actual resolutions sought are included at Schedule C for your information. These resolutions also appear in the Proposal Without Meeting forms provided to you.

DISBURSEMENTS SOUGHT

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

I am required to obtain creditor's consent for the payment of a disbursement where I, or a related entity of myself, may directly or indirectly obtain a profit.

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

For	Period	Amount \$ (excl. GST)
Disbursements to be capped amount	10 December 2025 to Conclusion	\$1,000.00

Details of the disbursements incurred, and future disbursements are included at Schedule D. Actual resolutions sought are included at Schedule C for your information. These resolutions also appear in the Proposal Without Meeting forms provided to you.

LIKELY IMPACT ON DIVIDENDS

The Liquidator is entitled to be fairly remunerated for undertaking statutory and other duties, including reporting obligations in acting as an external administrator. The remuneration and disbursements of the Liquidator have a priority ranking ahead of creditors.

I am unable to pay my remuneration without the approval of the Committee of Inspection, Creditors, or the Court. Approval by creditors is efficient and timely and less costly than an application to the Court.

However, any dividend will ultimately be impacted by the realisations achieved by the Liquidator and the value of creditor claims admitted to participate in the dividend. The likely impact of approval of remuneration and disbursements on dividends to creditors is that it will reduce such dividends.

QUERIES & INFORMATION SHEET

If you have any queries in relation to the information in this report, please contact my office.

You can also access information which may assist you on the following websites:

- ARITA at www.arita.com.au/creditors
- ASIC at <http://www.asic.gov.au> (search for INFO 85).

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

ATTACHMENTS

Schedule A – Details of work

Schedule B – Time spent by staff on major tasks

Schedule C – Resolutions

Schedule D – Disbursements

SCHEDULE A – DETAILS OF WORK

Company	Magic Mud Rendering Pty Ltd (In Liquidation)	Period From	10 December 2025	To	Conclusion
Practitioner	Peter Krejci	Firm	BRI Ferrier		
Administration Type	Court Liquidation				

		Tasks	
		Work already completed (excl. GST)	Future work (excl. GST)
Period		10 December 2025 to 5 March 2026	6 March 2026 to Conclusion
Amount to be approved (excl. GST)		\$25,669.00	\$40,000.00
Task Area	General Description		
Assets		3.1 hours \$1,792.00	\$8,000.00
	Assets subject to specific charges	Discussions with Director regarding sale of vehicle and the remaining equity Preparation and completion of vehicle transfer papers	
	Debtors	Reviewing and assessing debtors' ledgers Preparing and Sending out Debtors Letters for pending aged receivables	Correspondence with debtors Reviewing and assessing debtors' ledgers Recovery of Debtor Loan Accounts Liaising with solicitors for debt collection
Creditors		10.2 hours \$3,576.00	\$4,000.00
	Creditor Reports	Preparing Initial Report to Creditors Preparing annexures to Initial Report to Creditors Preparing Statutory Report by Liquidator Preparing annexures to Statutory Report to Creditors	Finalise and Issue Statutory Report to Creditors Prepare further reports to creditors, if necessary
	Proposal to Creditors	Preparing proposal notices and voting forms	Forward notice of proposal to all known creditors Reviewing votes and determining outcome of proposal Preparation and lodgement

Task Area	General Description		
			of proposal outcome with ASIC
	Dealing with proofs of debt	Receipting and filing POD when not related to a dividend	Receipting and filing POD when not related to a dividend
	Secured creditor reporting	Notifying PPSR registered creditors of appointment Preparing reports to secured creditor	
	Creditor Enquiries		Receive and respond to creditor enquiries Maintaining creditor request log Compiling information requested by creditors Review and prepare correspondence to creditors and their representatives
Investigation		21.4 hours \$8,913.00	\$20,000.00
	Conducting Investigation	Preparing and issuing day one correspondence Preparing and issuing letters to Directors regarding their obligations, ROCAP and requesting delivery of the Company's books and records Conducting statutory searches Conduct directorship searches Review of the Company's bank statements in detail to conduct investigations Review of the Company's accounting software Liaise with Company's external accountant to obtain books and records Conducting searches and investigations related to the motor vehicle Review director loan ledgers	Review of specific transactions and liaising with directors regarding certain transactions

Task Area	General Description		
		Detailed investigations with respect to solvency position of the Company, identify potential voidable transactions and consider potential recovery actions to be taken Preparation of investigation file	
	Litigation / Recoveries	Internal meetings to discuss the potential recovery actions to be taken	Liaising with solicitors regarding recovery actions Issuing demand to Director regarding transactions identified Discussions with the Director and his solicitors regarding same Attending to negotiations Attending to settlement matters
	ASIC reporting	N/A	Preparing statutory investigation reports, if required Liaising with ASIC
Administration		36.6 hours \$11,388.00	\$8,000.00
	ASIC Forms and lodgements	Preparing and lodging ASIC forms including 505 and 507 Preparing and lodging ASIC advert regarding notice of appointment	Preparing and lodging ASIC forms including 5601, 5022 Correspondence with ASIC regarding statutory forms
	Correspondence	Correspondence with petitioning creditor's solicitor re appointment General correspondence with stakeholders	
	Document maintenance/file review/checklist	Filing of documents File review Updating checklists	Filing of documents File review Updating checklists
	Bank account administration	Preparing correspondence opening accounts Bank account reconciliations Prepare receipts and payment vouchers	Bank account reconciliations Prepare receipts and payment vouchers Preparing correspondence closing accounts

Task Area	General Description		
	Insurance	Prepare initial correspondence with insurer regarding insurance requirements	
	ATO and other statutory reporting	Notify ATO of appointment Liaising with ATO regarding request for documents Preparing BAS	Liaising with ATO regarding request for documents Preparing BAS
	Planning / Review	Discussions regarding status of administration	Discussions regarding status of administration
	Finalisation		Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration Completing checklists Finalising WIP

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

Magic Mud Rendering Pty Ltd (In Liquidation)

ACN: 661 385 726

For the period 10 December 2025 to 5 March 2026

Staff Classification	Name	Hourly Rate (\$, ex GST)	Assets Hrs	Assets \$	Creditors Hrs	Creditors \$	Investigation Hrs	Investigation \$	Administration Hrs	Administration \$	Total Hrs	Total \$
Principal	Peter Krejci	750.00	-	-	0.6	450.00	3.2	2,400.00	-	-	3.8	2,850.00
Senior Manager	Pauline Yeow	650.00	2.0	1,300.00	0.6	390.00	2.7	1,755.00	-	-	5.3	3,445.00
Supervisor	Joshua Coorey	540.00	-	-	-	-	-	-	1.2	648.00	1.2	648.00
Supervisor	Sayano Murayama	540.00	-	-	-	-	-	-	0.2	108.00	0.2	108.00
Senior 1	Sushma Mandira	480.00	0.9	432.00	0.2	96.00	0.6	288.00	0.4	192.00	2.1	1,008.00
Intermediate 2	Mustafa Kashif	300.00	-	-	7.2	2,160.00	12.5	3,750.00	20.9	6,270.00	40.6	12,180.00
Intermediate 2	Andrea Privado	300.00	0.2	60.00	1.6	480.00	2.4	720.00	10.4	3,120.00	14.6	4,380.00
Senior Administrator	Ashley D Souza	300.00	-	-	-	-	-	-	2.9	870.00	2.9	870.00
Senior Administrator	Sarita Gurung	300.00	-	-	-	-	-	-	0.6	180.00	0.6	180.00
Total			3.1	1,792.00	10.2	3,576.00	21.4	8,913.00	36.6	11,388.00	71.3	25,669.00
											GST	2,566.90
											Total (incl GST)	28,235.90
Average rate per hour												
											578.06	
											416.50	
											350.59	
											311.15	360.01

SCHEDULE C – RESOLUTIONS

I will be seeking approval of the following resolutions to approve my remuneration and disbursements. Details to support these resolutions are included in section 3 and in the attached Schedules.

Resolution 1: Liquidator's Remuneration for the period 10 December 2025 to 5 March 2026

"That the remuneration of the Liquidator, his partners and staff for the period 10 December 2025 to 5 March 2026, be calculated on a time basis in accordance with the rates of charge annexed to the Liquidator's Initial Report to Creditors dated 12 January 2026, be fixed and approved at \$25,669.00 (excl. GST), and that the Liquidator be authorised to draw that amount."

Resolution 2: Liquidator's Remuneration for the period 6 March 2026 to Conclusion

"That the remuneration of the Liquidator, his partners and staff for the period 6 March 2026 to the conclusion of the Liquidation, be calculated on a time basis in accordance with the rates of charge annexed to the Liquidator's Initial Report to Creditors dated 12 January 2026 and approved to an interim cap of \$40,000.00 (excl. GST) and that the Liquidator be authorised to draw that amount as and when incurred."

Resolution 3: Liquidator's Internal Disbursements for the period 10 December 2025 to Conclusion

"That the Liquidator be allowed internal disbursements for the period 10 December 2025 to the conclusion of the Liquidation, at the rates of charge annexed to the Liquidator's Initial Report to Creditors dated 12 January 2026, up to an amount of \$1,000.00 (excl. GST) and that the Liquidator be authorised to draw that amount as accrued."

Resolution 4: Early Destruction of Books and Records

"That subject to the consent of the Australian Securities & Investments Commission, the Liquidator be approved to destroy the books and records of the Company at any time after the dissolution of the Company."

SCHEDULE D – DISBURSEMENTS

Disbursements are divided into three types:

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

I advise that to date, I have not paid any disbursements incurred during this Liquidation by my Firm.

I am 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.

I am required to seek creditor approval for internal disbursements where there could be a profit or advantage. Accordingly, I will be seeking approval from creditors for Resolution 3, of which details are provided in Schedule C of this Remuneration Approval Report.

Future disbursements provided by my 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 allowances

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**Magic Mud Rendering Pty Ltd
(In Liquidation)
ACN 661 385 726**

**Annexure "F"
Proposals Without Meeting Forms**

NOTICE OF PROPOSAL TO CREDITORS

Dated: 10 March 2026

Voting Poll Closes: 1 April 2026

**MAGIC MUD RENDERING PTY LTD (IN LIQUIDATION)
ACN 661 385 726
("the Company")**

Proposal No. 1 for creditor approval

"That the remuneration of the Liquidator, his partners and staff for the period 10 December 2025 to 5 March 2026 be calculated on a time basis in accordance with the rates of charge annexed to the Initial Report to Creditors dated 12 January 2026, be fixed and approved at \$25,669.00 (excl. GST), and that the Liquidator be authorised to draw that amount as required."

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

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

Vote on the Proposal No. 1

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

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

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

- I have previously submitted a proof of debt form and supporting documents
- I have **enclosed** a proof of debt form and supporting documents with this proposal form

Creditor details

Name of creditor

Address

ABN (if applicable)

Contact number

Email address

I am **not** a related creditor of the Company

I am a related creditor of the Company*

relationship: _____

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

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

Signature: _____ **Date:** _____

For your vote to count, you **must complete** this document and return it together with any **supporting documents** by no later than close of business on **1 April 2026**, by email to Sushma Mandira at smandira@brifnsw.com.au. Should you have any queries in relation to this matter, please contact Sushma Mandira on (02) 8263 2322.

BRI FERRIER
Level 26
25 Bligh Street
Sydney NSW 2000

NOTICE OF PROPOSAL TO CREDITORS

Dated: 10 March 2026

Voting Poll Closes: 1 April 2026

**MAGIC MUD RENDERING PTY LTD (IN LIQUIDATION)
ACN 661 385 726
("the Company")**

Proposal No. 2 for creditor approval

"That the remuneration of the Liquidator, his partners and staff for the period 6 March 2026 to the conclusion of the Liquidation be calculated on a time basis in accordance with the rates of charge annexed to the Initial Report to Creditors dated 12 January 2026 and approved to an interim cap of \$40,000.00 (excl. GST) and that the Liquidator be authorised to draw that amount as and when incurred."

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

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

Vote on the Proposal No. 2

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

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

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

- I have previously submitted a proof of debt form and supporting documents
- I have **enclosed** a proof of debt form and supporting documents with this proposal form

Creditor details	
Name of creditor	<input type="text"/>
Address	<input type="text"/>
ABN (if applicable)	<input type="text"/>
Contact number	<input type="text"/>
Email address	<input type="text"/>

I am **not** a related creditor of the Company

I am a related creditor of the Company*

relationship: _____

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

Name of creditor /authorised person: _____

Signature: _____ **Date:** _____

For your vote to count, you **must complete** this document and return it together with any **supporting documents** by no later than close of business on **1 April 2026**, by email to Sushma Mandira at smandira@brifnsw.com.au. Should you have any queries in relation to this matter, please contact Sushma Mandira on (02) 8263 2322.

BRI FERRIER
Level 26
25 Bligh Street
Sydney NSW 2000

NOTICE OF PROPOSAL TO CREDITORS

Dated: 10 March 2026

Voting Poll Closes: 1 April 2026

MAGIC MUD RENDERING PTY LTD (IN LIQUIDATION)
ACN 661 385 726
("the Company")

Proposal No. 3 for creditor approval

"That the Liquidator be allowed internal disbursements for the period 10 December 2025 to the conclusion of the Liquidation at the rates of charge annexed to the Initial Report to Creditors dated 12 January 2026, up to an amount of \$1,000.00 (excl. GST) and that the Liquidator be authorised to draw that amount as accrued."

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

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

Vote on the Proposal No. 3

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

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

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

- I have previously submitted a proof of debt form and supporting documents
- I have **enclosed** a proof of debt form and supporting documents with this proposal form

Creditor details

Name of creditor

Address

ABN (if applicable)

Contact number

Email address

I am **not** a related creditor of the Company

I am a related creditor of the Company*

relationship: _____

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

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

Signature: _____ **Date:** _____

For your vote to count, you **must complete** this document and return it together with any **supporting documents** by no later than close of business on **1 April 2026**, by email to Sushma Mandira at smandira@brifnsw.com.au. Should you have any queries in relation to this matter, please contact Sushma Mandira on (02) 8263 2322.

BRI FERRIER
Level 26
25 Bligh Street
Sydney NSW 2000

NOTICE OF PROPOSAL TO CREDITORS

Dated: 10 March 2026

Voting Poll Closes: 1 April 2026

**MAGIC MUD RENDERING PTY LTD (IN LIQUIDATION)
ACN 661 385 726
("the Company")**

Proposal No. 4 for creditor approval

"That subject to the consent of the Australian Securities & Investments Commission, the Liquidator be approved to destroy the books and records of the Company at any time after the dissolution of the Company."

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

- Liquidators must retain the books and records of the Company for a period of five (5) years from the end of the Liquidation.
- To minimise the costs of storage, I am able to destroy the books and records at any time after the end of the Liquidation, with the consent of creditors and the Australian Securities and Investments Commission.

Vote on the Proposal No. 4

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

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

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

- I have previously submitted a proof of debt form and supporting documents
- I have **enclosed** a proof of debt form and supporting documents with this proposal form

Creditor details			
Name of creditor			
Address			
ABN (if applicable)		Contact number	
Email address			

I am **not** a related creditor of the Company

I am a related creditor of the Company*

relationship: _____

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

Name of creditor
/authorised person: _____

Signature: _____ **Date:** _____

For your vote to count, you **must complete** this document and return it together with any **supporting documents** by no later than close of business on **1 April 2026**, by email to Sushma Mandira at smandira@brifnsw.com.au. Should you have any queries in relation to this matter, please contact Sushma Mandira on (02) 8263 2322.

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BRI Ferrier

**Magic Mud Rendering Pty Ltd
(In Liquidation)
ACN 661 385 726**

**Annexure "G"
ARITA Information Sheet – Proposal
Without a Meeting**

Information sheet: Proposals without meetings

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

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

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

What is a proposal without a meeting?

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

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

What types of proposals can be put to creditors?

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

What information must the notice contain?

The notice must:

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

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

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

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

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

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

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

How is a resolution passed?

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

What happens if the proposal doesn't pass?

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

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

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

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

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

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

Where can I get more information?

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

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

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

**For more information, go to www.arita.com.au/creditors.
Specific queries should be directed to the external administrator's office.**

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BRI Ferrier

**Magic Mud Rendering Pty Ltd
(In Liquidation)
ACN 661 385 726**

**Annexure "H"
ASIC Information Sheet – Insolvency
Information for Directors, Employees,
Creditors and Shareholders**



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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BRI Ferrier

**Magic Mud Rendering Pty Ltd
(In Liquidation)
ACN 661 385 726**

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

Creditor Information Sheet

Offences, Recoverable Transactions and Insolvent Trading



Offences

A summary of offences under the Corporations Act that may be identified by liquidators or administrators:

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) / 453F 475(9)) / 497(4) / 530A – 530B	Failure by directors to assist, deliver records and provide information.
438C(5) / 477(3) / 530B	Failure to assist, deliver up books and records and provide information.
588G	Incurring liabilities while insolvent
588GAB	Officer's duty to prevent creditor-defeating disposition
588GAC	A person must not procure a company to make a creditor-defeating disposition
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.
596AB	Entering into an agreement or transaction to avoid employee entitlements.

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, or three months if a simplified liquidation process is adopted. 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.

**Must be greater than \$30,000 for unrelated creditors in a simplified liquidation*

Creditor-defeating disposition

Creditor-defeating dispositions are the transfer of company assets for less than market value (or the best price reasonably obtainable) that prevents, hinders or significantly delay creditors' access to the company's assets in liquidation. Creditor-defeating dispositions are voidable by a liquidator.

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 or from members of a corporate group (Contribution Order).

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 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 director may also be able to avail themselves of safe harbour, if they meet certain conditions.

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.

Queries about the external administration should be directed to the insolvency practitioner's office.