



Hodgson Faraday Limited (In Liquidation)
ACN 130 606 987
(Hodgson Faraday)

Initial Information for Creditors

Kathy Sozou and I were appointed Joint and Several Liquidators of Hodgson Faraday on 18 June 2020.

We have been appointed to represent the interests of all creditors. We are responsible for locating Hodgson Faraday's assets, investigating its affairs, reporting to the Australian Securities and Investments Commission (**ASIC**) and, if funds become available, paying money owed to creditors.

According to Hodgson Faraday's records, you may be a creditor of Hodgson Faraday.

The purpose of this document is to provide you with information about the liquidation and your rights as a creditor.

Declaration of Independence, Relevant Relationships and Indemnities (DIRRI)

We enclose our DIRRI. Our independent status and who appointed us is outlined in our DIRRI.

What do you need to know?

Question	Answer
What is a creditors' voluntary liquidation?	A creditors' voluntary liquidation, or CVL, is a liquidation initiated by a company where it cannot pay all of its creditors in full. This means that the company is insolvent.
What are your rights as a creditor?	<p>We enclose a copy of the information sheet "Creditor Rights in Liquidations" issued by the Australian Restructuring Insolvency & Turnaround Association (ARITA). It includes information on your rights to:</p> <ul style="list-style-type: none">▪ make reasonable requests for a meeting;▪ make reasonable requests for information;▪ give directions to the Liquidators;▪ appoint a reviewing liquidator; and▪ replace us as Liquidators. <p>In addition, creditors have the right to request a meeting in the first 20 business days of a creditors' voluntary liquidation. If we receive a request for a meeting in writing from at least 5% of known creditors, unrelated to Hodgson Faraday, we are required to hold a meeting, as long as the request is reasonable. Details of the considerations that are relevant to determine whether a request is reasonable are set out in the information sheet "Creditor Rights in Liquidations".</p>
What happens to your debt?	<p>All creditors of Hodgson Faraday are now creditors in the liquidation and will now be dealt with in the liquidation.</p> <p>The amount of money you receive depends on the amount we recover, including from locating, securing and selling Hodgson Faraday's assets. After paying our fees, creditors share in any remaining money proportionally. If funds are available, the amount paid is called a dividend.</p> <p>A dividend can vary between creditors because the law entitles different types of creditors to be paid before other types of creditors. In addition, a dividend will only be paid where there are sufficient recoveries in the liquidation, which will not always be the case.</p>



Question	Answer
<p>Do you have to do anything?</p>	<p>You should read this information. You can choose to participate in the liquidation process, but you don't have to.</p> <p>If we need you to take action, we will write and ask you. For example, we may ask you to provide proof of your debt before we can pay you a dividend.</p> <p>If you do not think you are a creditor, please let us know.</p>
<p>Summary of affairs</p>	<p>We have not yet received a Report on Company Activities and Property (ROCAP) from the Director as at the date of this report.</p> <p>A summary of Hodgson Faraday's affairs from the the books and records of the company is enclosed.</p>
<p>Listing of creditors</p>	<p>As required by section 497(1) of the <i>Corporations Act</i>, we enclose a list of creditors, including their addresses and the estimated amounts of their claims that are shown in the records of Hodgson Faraday. Any creditors related to Hodgson Faraday are identified. If you do not agree with the estimated amount of your claim, please contact us to obtain a Proof of Debt Form (Form 535) to provide details and evidence of your claim.</p>
<p>What has happened in the liquidation so far?</p>	<p>The Liquidators have commenced investigations into Hodgson Faraday and completed required statutory tasks.</p>
<p>What is the cost of the liquidation?</p>	<p>The Liquidators have received an up-front payment of \$22,000 from Australia Oracle Developments Pty Ltd to contribute to estimated costs. This has been disclosed in our declaration of relevant relationships and indemnities.</p> <p>Approved remuneration may exceed the amount of this upfront payment and can be paid from the assets of the external administration after approval by creditors or the Court.</p> <p>If there is not enough money in the liquidation, we do not get paid in full.</p> <p>We enclose our Initial Remuneration Notice, which provides you with information about how we propose to be paid for undertaking the liquidation.</p> <p>We may write and ask that you approve our remuneration for the work that we do in completing the liquidation. If we do, we will provide you with detailed information about what tasks we have undertaken and the costs of those tasks.</p>
<p>What further communication will you receive?</p>	<p>We will write to you within three months of our appointment advising whether a dividend is likely and update you on the progress of our investigations.</p> <p>We may also send you updates on the progress of the liquidation, or proposals to approve certain matters in the liquidation, at any time.</p> <p>If we consider it to be in the interests of creditors, we will hold a meeting to communicate with creditors. Further, if we receive a request for a meeting that complies with the guidelines set out in the creditor rights information sheet, we will also hold a meeting of creditors.</p>



Question	Answer
What happens next?	We will proceed with the liquidation, which will include: <ul style="list-style-type: none">▪ recovering and selling any available property;▪ investigating Hodgson Faraday's affairs;▪ reporting to the corporate regulator, ASIC; and▪ distributing any available funds to creditors in accordance with their priority.
Where can you get more information?	ARITA provides information to assist creditors to understand liquidations and insolvency. This information is available from ARITA's website at www.arita.com.au/creditors . A copy of the information sheet, "Insolvency information for directors, employees, creditors and shareholders", issued by ASIC is also enclosed for your information.

If you have any queries, please contact Paddy Hayes via email at phayes@mcgrathnicol.com. For further information about this engagement, please refer to the website www.mcgrathnicol.com/creditors.

Dated: 2 July 2020

Yours faithfully
Hodgson Faraday Limited (In Liquidation)

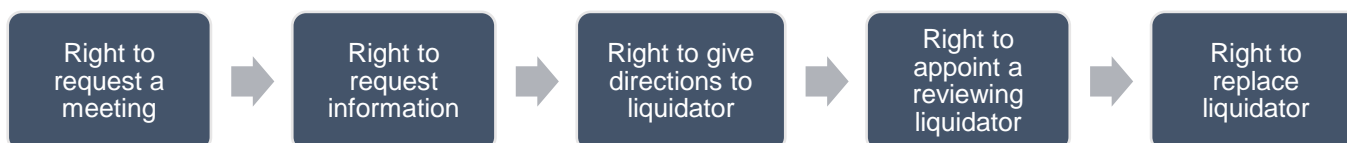
Barry Kogan
Joint and Several Liquidator

Enclosures:

- 1 ARITA Information Sheet - Creditor Rights in Liquidations
- 2 Declaration of Independence, Relevant Relationships and Indemnities
- 3 Form 535 (Formal Proof of Debt or Claim) and instructions for completion
- 4 Summary of affairs (Form 509)
- 5 List of creditors identifying related parties
- 6 Initial Remuneration Notice
- 7 ASIC Information Sheet - Insolvency information for directors, employees, creditors and shareholders

Creditor Rights in Liquidations

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



Right to request a meeting

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

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

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

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

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

Right to request information

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

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

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

Requests must be reasonable.

They are not reasonable if:

Both meetings and information:

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

Meeting requests only:

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

Information requests only:

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

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

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

Right to give directions to liquidator

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

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

An individual creditor cannot provide a direction to a liquidator.

Right to appoint a reviewing liquidator

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

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

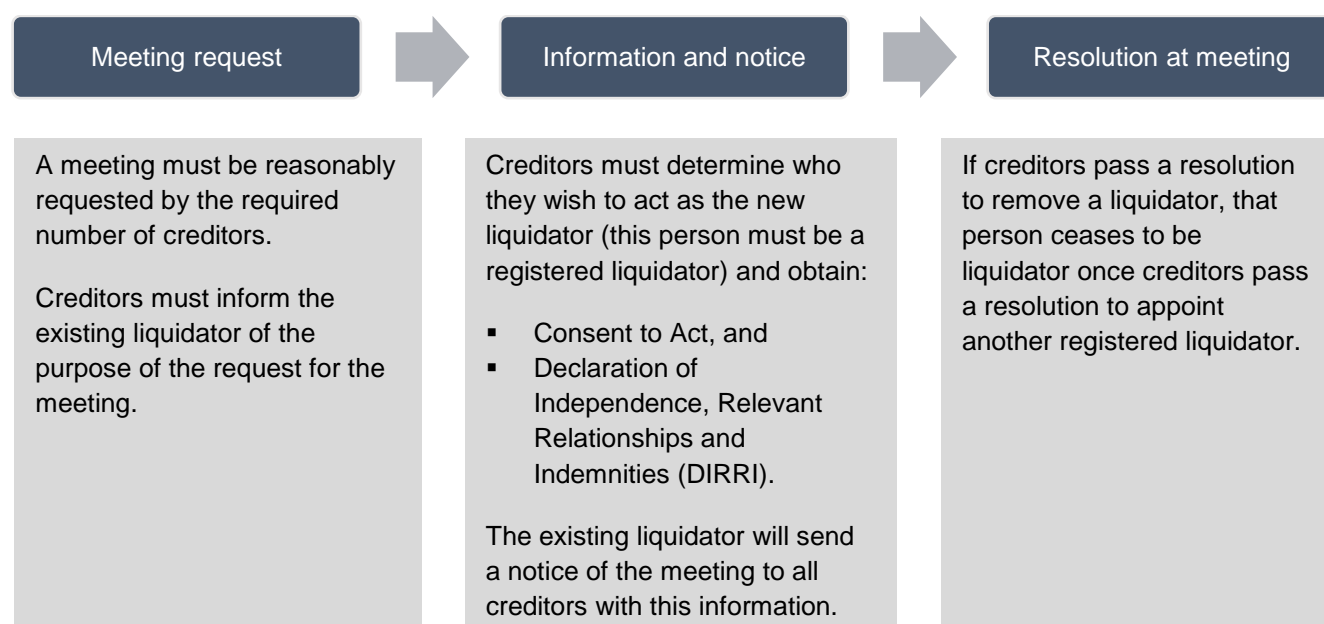
The cost of the reviewing liquidator is paid from the assets of the liquidation, in priority to creditor claims.

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

Right to replace liquidator

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

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



For more information, go to www.arita.com.au/creditors



Declaration of Independence, Relevant Relationships and Indemnities (DIRRI)

Hodgson Faraday Limited (in liquidation)
ACN 130 606 987
(Hodgson Faraday)

The purpose of this document is to assist creditors with understanding any relationships that the Joint and Several Liquidators have and any indemnities or upfront payments that have been provided to the Joint and Several Liquidators. None of the relationships disclosed in this document are such that the independence of the Joint and Several Liquidators is affected.

This information is provided to you to enable you to make an informed assessment on any independence concerns, so you have trust and confidence in our independence and, if not, can act to remove and replace us if you wish.

This declaration is made in respect of ourselves, our partners, the firm McGrathNicol, which for the purpose of this declaration includes the McGrathNicol Partnership, the McGrathNicol Advisory Partnership and McGrathNicol Services Pty Ltd.

A. Independence

We, Barry Kogan and Katherine Sozou, of the firm McGrathNicol have undertaken an assessment of the risks to our independence prior to accepting the appointment as liquidator of Hodgson Faraday in accordance with the law and applicable professional standards. This assessment identified no real or potential risks to our independence. We are not aware of any reasons that would prevent us from accepting this appointment.

B. Declaration of Relationships

B1. *Circumstances of appointment*

This appointment was referred to us by Mr Vincent Zhu, a partner at Auyeung Hencent & Day Lawyers (**AHD**), who we understand at various times has acted as the legal advisor for Hodgson Faraday. From time to time AHD have referred work to McGrathNicol.

We believe this referral does not result in a conflict of interest or duty because:

- the referral is unconditional;
- referrals between professional advisors are common place in the insolvency industry; and
- there has been no prior work undertaken by McGrathNicol in relation to Hodgson Faraday.

Michael Chiu, Executive Assistant to the directors of Hodgson Faraday, initially made contact with Barry Kogan by phone on 9 January 2020 to arrange a meeting to provide a briefing on Hodgson Faraday.

As a consequence, on 13 January 2020, Barry Kogan and a McGrathNicol staff member met with Mr Chiu and Mr Gang Bai (who was at that time a director of Hodgson Faraday) to receive a briefing on the history and circumstances of Hodgson Faraday, and discuss options available for the possible winding up of Hodgson Faraday.

Barry Kogan and other McGrathNicol staff had a number of communications with Mr Chiu, during the period of 15 January 2020 to 18 June 2020. The nature of those communications related to:

- providing details on the options available to the directors and courses of action available; and



- providing general information in relation to insolvency appointments and processes.

We received no remuneration for this work.

In our opinion, these meetings do not affect our independence for the following reasons:

- given our limited interaction was focussed around understanding Hodgson Faraday's options available, these communications would not influence our ability to be able to fully comply with the statutory and fiduciary obligations associated with the administration in an objective and impartial manner; and
- it is recognised by the Courts and Australian Restructuring, Insolvency and Turnaround Association's (**ARITA**) Code of Professional Practice that pre-appointment discussions regarding insolvency options and obtaining background information are necessary and do not amount to an impediment to accepting an appointment.

We have provided no other information or advice to Hodgson Faraday and Mr Bai beyond that outlined in the DIRRI. We provided no advice to the director, Mr Bing Xia, in his capacity as director of Hodgson Faraday.

B2. Prior professional services to the Insolvent

Neither we, nor our firm, have provided any professional services to, or in relation to, Hodgson Faraday in the previous 24 months.

B3. Relevant Relationships (excluding professional services to the Insolvent)

Neither we, nor our firm, have, or have had, within the preceding 24 months, any relationships with Hodgson Faraday, an associate of Hodgson Faraday, a former insolvency practitioner appointed to Hodgson Faraday or any person or entity that is entitled to enforce a security interest in the whole or substantially the whole of Hodgson Faraday's property.

B5. No other relevant relationships to disclose

There are no other known relevant relationships, including personal, business and professional relationships, from the previous 24 months with Hodgson Faraday, an associate of Hodgson Faraday, a former insolvency practitioner appointed to Hodgson Faraday or any person or entity that is entitled to enforce a security interest in the whole or substantially the whole of Hodgson Faraday's property that should be disclosed.

C. Indemnities and up-front payments

We have been provided with the following indemnities for the conduct of this liquidation:

Name	Relationship with Hodgson Faraday	Nature of indemnity or payment
Australia Oracle Development Pty Ltd	We understand that Australia Oracle Development Pty Ltd is a major shareholder of Hodgson Faraday.	The Liquidators have been provided with an up-front payment of \$22,000 from Australia Oracle Development Pty Ltd to meet the initial costs and professional fees associated with the Liquidation. The up-front payment is unconditional, and any funds utilised for payment of our remuneration will not be drawn down until relevant approval has been obtained under the Corporations Act.

This does not include statutory indemnities. We have not received any other indemnities or up-front payments that should be disclosed.



Dated: 2 July 2020

.....
Barry Kogan

.....
Katherine Sozou

Note:

If the circumstances change or new information is identified, we are required under the Corporations Act 2001 and the ARITA Code of Professional Practice to update this Declaration and provide a copy to creditors with our next communication, as well as table a copy of any replacement Declaration at the next meeting of the insolvent's creditors. For Creditors' Voluntary Liquidations and Voluntary Administrations, this document and any updated versions of this document are required to be lodged with ASIC.

Please note that the presentation of the above information is in accordance with the standard format suggested by ARITA.

FORM 535
FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

ACN
 "the Company"

To the Liquidator/Administrator of the Company

1. This is to state that the Company was on _____, and still is, justly and truly indebted to:
 _____ (name of creditor)
 of _____ (address of creditor)
 for \$ _____ and _____ cents (GST inclusive) GST amount _____

Date	Consideration (state how the Debt arose)	Amount \$ c	Remarks (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 satisfaction or security for the sum or any part of it except for the following: *(insert particulars of all securities held. If the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, show them in a schedule in the following form).*

Date	Drawer	Acceptor	Amount \$c	Due Date

3. Select which of the below applies (choose one):

- | | |
|--|--|
| <input type="checkbox"/> The creditor is a company and I am signing as a director of the company | <input type="checkbox"/> The creditor is a partnership and I am signing as a partner of the partnership |
| <input type="checkbox"/> The creditor is a company and I am signing as an authorised representative/duly constituted attorney of the company | <input type="checkbox"/> I am signing in my personal capacity as a member or contributory of the Company |
| <input type="checkbox"/> I am an individual and I am signing in my personal capacity (which includes employees) | <input type="checkbox"/> Other: _____ |
| <input type="checkbox"/> The creditor is a sole trader and I am signing as the proprietor | |

4. If you are a related party, state your relationship _____

5. Is this debt claimed on the basis of an assignment? Yes No
If so, what consideration was paid for the debt? _____

This debt was incurred for the consideration stated and the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.

Signature Dated

Name: _____

Address: _____

I nominate to receive electronic notifications of documents in accordance with Section 600G of the Corporations Act at the following email address

Email: _____



Proof of Debt Guidance Notes

(Please read carefully before filling in Form 535 or Form 536)

It is a creditor's responsibility to prove their claim to our satisfaction.

When lodging claims, creditors must ensure:

- the proof of debt form is properly completed in every particular; and
- evidence, as set out under "Information to support your claim", is attached to the Form 535 or Form 536.

Directions for completion of a Proof of Debt

1. Insert the full name and address of the creditor.
2. Under "Consideration" state how the debt arose, for example "goods sold to the company on _____".
3. Under "Remarks" include details of any documents that substantiate the debt (refer to the section "Information to support your claim" below for further information).
4. Where the space provided for a particular purpose is insufficient to contain all the information required for a particular item, please attach additional information.

Information to support your claim

Please note that unless you provide evidence to support the existence of the debt, your debt is not likely to be accepted. Detailed below are some examples of debts creditors may claim and a suggested list of documents that should accompany a proof of debt to substantiate the debt.

Trade Creditors

- Invoice(s) and statement(s) showing the amount of the debt; and
- Advice(s) to pay outstanding invoice(s) (optional).

Guarantees/Indemnities

- Executed guarantee/indemnity;
- Notice of Demand served on the guarantor; and
- Calculation of the amount outstanding under the guarantee.

Judgment Debt

- Copy of the judgment; and
- Documents/details to support the underlying debt as per other categories.

Deficiencies on Secured Debt

- Security Documents (eg. mortgage);
- Independent valuation of the secured portion of the debt (if not yet realised) or the basis of the creditor's estimated value of the security;
- Calculation of the deficiency on the security; and
- Details of income earned and expenses incurred by the secured creditor in respect of the secured asset since the date of appointment.

Loans (Bank and Personal)

- Executed loan agreement; and



- Loan statements showing payments made, interest accruing and the amount outstanding as at the date of appointment.

Tax Debts

- Documentation that shows the assessment of debts, whether it is an actual debt or an estimate, and separate amounts for the primary debt and any penalties.

Employee Debts

- Basis of calculation of the debt;
- Type of Claim (eg. wages, holiday pay, etc);
- Correspondence relating to the debt being claimed; and
- Contract of Employment (if any).

Leases

- Copy of the lease; and
- Statement showing amounts outstanding under the lease, differentiating between amounts outstanding at the date of the appointment and any future monies.

ASIC registered agent number: _____
lodging party or agent name: _____
Office, level, building name or PO Box _____
street number and name _____
Suburb/city _____
telephone: _____
facsimile: _____
DX number _____ suburb/city _____

ASS	<input type="checkbox"/>	REQ-A	<input type="checkbox"/>
CASH.	<input type="checkbox"/>	REQ-P	<input type="checkbox"/>
PROC.	<input type="checkbox"/>		

Australian Securities & Investments Commission

Form **509**

Corporations Act 2001

497(2)(b)(i)

Summary of Affairs of a Company

corporation name Hodgson Faraday Limited
A.C.N. or A.R.B.N. 130 606 987

Summary of Assets and Liabilities

Date to which summary is made up:

	Valuation \$	Estimated Realisable Values \$
1. Assets not specifically charged:		
(a) interest in land	0.00	0.00
(b) sundry debtors	0.00	0.00
(c) cash on hand	0.00	0.00
(d) cash at bank	129.92	129.92
(e) stock as detailed in inventory	0.00	0.00
(f) work in progress as detailed in inventory	0.00	0.00
(g) plant and equipment as detailed in inventory	0.00	0.00
(h) other assets	3,222.00	3,222.00
Sub total	3,351.92	3,351.92
2. Assets subject to specific charges	0.00	0.00
Less amounts owing	0.00	0.00
TOTAL Assets	3,351.92	
TOTAL Estimated Realisable Values		3,351.92
3. Less preferential creditors entitled to priority over the holders of debentures under any floating charge		0.00
4. Less amounts owing and secured by debenture or floating charge over company's assets to:		0.00
5. Less preferential creditors		0.00
6. Creditors (unsecured) Amount claimed 0.00		(12,738.00)
7. Balances owing to partly secured creditors as detailed in Total Claims 0.00 Security Held 0.00		0.00

		Valuation \$	Estimated Realisable Values \$
8.	Contingent assets Estimated to produce	0.00	0.00
9.	Contingent liabilities Estimated to rank for		0.00
	Estimated Surplus (Deficiency)		(9,386.08)
	Subject to costs of Creditors Voluntary Liquidation		
	Share Capital Issued	517,250.00	
	Share Capital Paid Up	517,250.00	

Signature

Print Name

Barry Kogan

Capacity

Joint and Several Liquidator

Signature



date 02 / 07 / 2020



Initial Remuneration Notice

Hodgson Faraday Limited (In Liquidation) ACN 130 606 987 (Hodgson Faraday)

The purpose of the Initial Remuneration Notice is to provide you with information about how we propose our remuneration for undertaking the liquidation will be set.

1 Remuneration methods

There are four basic methods that can be used to calculate the remuneration charged by an insolvency practitioner in a liquidation. They are:

- A. Time based/hourly rates:** This is the most common method. The total fee charged is based on the hourly rate charged for each person who carried out the work, multiplied by the number of hours spent by each person on each of the tasks performed.
- B. Fixed Fee:** The total fee charged is normally quoted at the commencement of the liquidation and is the total cost for the liquidation.
- C. Percentage:** The total fee charged is based on a percentage of a particular variable, such as the gross proceeds of asset realisations.
- D. Contingency:** The practitioners' fee is structured to be contingent on a particular outcome being achieved.

2 Method chosen

Given the nature of this external administration, we propose that our remuneration be calculated on a time basis which will be recorded and charged in six minute increments. Details of the hourly rates for different levels of staff are included below. The complexity and demands of the external administration will determine the staff to be utilised for this appointment

We have chosen the time based method because:

- This method is considered to be most suitable for this appointment as it ensures creditors are only charged for work that is performed in the liquidation, which can be difficult to accurately estimate at the date of appointment.
- Even later than the date of appointment, it can be difficult to estimate the time that may be required in advance of the substantive work being undertaken. The time based method in this case again ensures that creditors are only charged for work that is actually performed in the liquidation.
- We are required to perform a number of tasks which do not relate to the realisation of assets, for example responding to creditor enquiries, reporting to ASIC and distributing funds in accordance with the provisions of the *Corporations Act*.
- We have a time recording system that can produce a detailed analysis of time spent on each type of task by each individual staff member utilised in the liquidation.



- Time based remuneration calculates fees upon a basis of time spent at the level appropriate to the work performed.

3 Explanation of Hourly Rates

The rates for our remuneration calculation are set out in the following table, together with a general guide showing the qualifications and experience of staff engaged in the liquidation and the role they take in the liquidation. The hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage.

Title	Description	Hourly rate (excl GST)
Appointee/Partner	Registered liquidator, Chartered Accountant or equivalent and generally degree qualified with more than twelve years of experience. Leads assignments with full accountability for strategy and execution.	\$705
Director 1	Generally Chartered Accountant or comparable qualification and degree qualified with more than ten years of experience, including four years of Director or equivalent experience. Autonomously leads complex insolvency appointments reporting to Appointee/Partner.	\$650
Director	Generally Chartered Accountant or comparable relevant qualification and degree qualified with more than nine years of experience. Autonomously leads insolvency appointments reporting to Appointee/Partner.	\$610
Senior Manager	Generally Chartered Accountant or comparable relevant qualification and degree qualified with more than seven years of experience. Self-sufficiently conducts small to medium insolvency appointments and leads major workstreams in larger matters.	\$555
Manager	Generally Chartered Accountant or comparable relevant qualification and degree qualified with more than five years of experience. Self-sufficiently conducts small insolvency appointments and takes a supervisory role on workstreams in larger matters.	\$525
Assistant Manager	Generally Chartered Accountant or comparable relevant qualification and degree qualified with more than three years of experience. Autonomously manages workstream activity within appointments.	\$480
Senior Accountant	Generally degree qualified and undertaking Chartered Accountant's qualification or comparable relevant qualification with more than 16 months of experience. Completes tasks within workstreams and appointments under supervision.	\$435



Title	Description	Hourly rate (excl GST)
Accountant	Generally degree qualified and undertaking or about to undertake Chartered Accountant's qualification or comparable relevant qualification with less than one year of experience. Assists with tasks within workstreams and appointments under supervision.	\$335
Undergraduate/Cadet	Undertaking relevant degree. Assists with tasks within workstreams and appointments under supervision.	\$200
Practice Services Director	National Practice Service leaders, generally degree qualified with more than ten years of experience and reporting directly to partners. Technical experts in their specific areas and have team management responsibilities.	\$650
Senior Treasury staff	Appropriately experienced and undertakes senior Treasury activities such as oversight of the processing of payment of receipts and banking administration. May be responsible for day to day management of projects or operations and may have supervisory responsibility for junior staff.	\$425
Senior Client Administration and Treasury	Appropriately experienced and undertakes senior level administrative support activities or Treasury activities. May be responsible for day to day management of projects or operations and may have supervisory responsibility for junior staff.	\$335
Administration	Appropriately experienced and undertakes support activities such as meeting coordination and preparation of materials where it is efficient and appropriate to do so.	\$185

McGrathNicol reviews its hourly rates on either 31 December or 30 June. Creditors will be advised of any change to the hourly rates for this external administration.

4 **Estimated remuneration**

We estimate that this liquidation will cost approximately \$20,000 (excluding GST) to complete, subject to the following variables may have a significant effect on this estimate and that we are unable to determine at this early stage:

- the time that may be required to obtain books, records, funds and assets (if any) from the parties that hold them;
- the number and value of claims that may be received in the external administration and work that may be required to adjudicate on those claims for voting and/or dividend purposes;
- work that may be required to distribute funds to creditors;
- investigations that may be required to ascertain the existence and location of any other assets, including potential legal actions that may be available to the external administrator;
- where viable legal claims are identified, the timeframe to resolution becomes very significantly impacted by the conduct of the defendant and their willingness to resolve the claim by a negotiated settlement, as well as Court timeframes, both of which are difficult to predict; and



- any identified matters that are required to be reported to statutory authorities such as ASIC.

We received an up-front payment of \$22,000 from Australia Oracle Developments to contribute to estimated costs. This has been disclosed in our declaration of relevant relationships and indemnities.

Approved remuneration may exceed the amount of this upfront payment and can be paid from the assets of the external administration after approval by creditors or the Court.

5 Disbursements

Disbursements are divided into two types:

- **External disbursements** – these are recovered at cost. Examples are travel, accommodation, postage, advertising, couriers and search fees.
- **Internal disbursements** – these disbursements are charged at a rate which recoups both fixed and variable costs and may include an element of profit or advantage to the External Administrator or a related party of the External Administrator. Examples are printing and data storage. The recovery of these costs must be on a reasonable commercial basis. Details of the basis of recovery of each of these costs is discussed below.

We are not required to seek creditor approval for disbursements paid to third parties where I am recovering at cost what was incurred on behalf of the administration, but must account to creditors. We must be satisfied that these disbursements are appropriate, justified and reasonable.

We are required to obtain creditor's consent for the payment of a disbursement where we, or a related entity of ours, may directly or indirectly obtain a profit. In these circumstances, creditors will be asked to approve our disbursements prior to these disbursements being paid from the liquidation.

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

For clarity, it is noted that any time costs of any employee of McGrathNicol or any associated entity will be reported as part of our remuneration, for which approval may be sought.

Basis of disbursement claim

<i>Disbursement type</i>	<i>Rate (GST exclusive)</i>
External disbursements	
Postage	At cost
Stationery and other incidental disbursements	At cost
Conference call phone charges	At cost
Searches	At cost
Advertising	At cost
Courier	At cost
Staff per diem travel allowance*	\$89.00 per day**
Staff vehicle use	\$0.68 per km**
ASIC user pays levy	At cost



<i>Disbursement type</i>	<i>Rate (GST exclusive)</i>
Internal disbursements (that may have an element of profit or advantage)	
Data processing – data loading & processing fee	\$20-\$60 per gigabyte (GB) ^{***} , minimum \$3,000 for matters less than 50GB.
Data hosting – monthly hosting fee	\$10 per GB, per month. Minimum \$1,000 for small matters. Large matters are priced on application.
Printing – black and white	\$0.09 per page
Printing – Colour	\$0.28 per page

* Tiered pricing model depending on volume of data to be hosted

** Payable when partners or staff are required for business purposes to stay away from their usual place of residence overnight

*** These rates are deemed reasonable by the Australian Taxation Office

Further explanation of data hosting disbursements

In the conduct of this liquidation, we may use McGrathNicol's Forensic Technology team to extract, aggregate, electronically process and/or host electronic data, which could be used for the:

- trade or sale of the business or assets; and/or
- investigations regarding transactions or potential recoveries available to creditors.

If data hosting is required and we choose not to use the services of McGrathNicol's Forensic Technology team, we will otherwise have to purchase those services from an alternative provider and/or use another method to achieve the same end, which will not be as efficient as using these available internal services.

We note that the data hosting rates above are no more than our standard commercial pricing available for the same services when they are provided to external parties.

Dated: 2 July 2020

Barry Kogan

Joint and Several Liquidator



ASIC

Australian Securities & Investments Commission

Insolvency information for directors, employees, creditors and shareholders

ASIC has 11 insolvency information sheets to assist you if you're affected by a company's insolvency and have little or no knowledge of what's involved.

These plain language information sheets give directors, employees, creditors and shareholders a basic understanding of the three most common company insolvency procedures—liquidation, voluntary administration and receivership. There is an information sheet on the independence of external administrators and one that explains the process for approving the fees of external administrators. A glossary of commonly used insolvency terms is also provided.

The Insolvency Practitioners Association (IPA), the leading professional organisation in Australia for insolvency practitioners, endorses these publications and encourages its members to make their availability known to affected people.

List of information sheets

- INFO 41 *Insolvency: a glossary of terms*
- INFO 74 *Voluntary administration: a guide for creditors*
- INFO 75 *Voluntary administration: a guide for employees*
- 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 43 *Insolvency: a guide for shareholders*
- INFO 42 *Insolvency: a guide for directors*
- INFO 84 *Independence of external administrators: a guide for creditors*
- INFO 85 *Approving fees: a guide for creditors*

Getting copies of the information sheets

To get copies of the information sheets, visit ASIC's website at www.asic.gov.au/insolvencyinfosheets. The information sheets are also available from the IPA website at www.ipaa.com.au. The IPA website also contains the IPA's Code of Professional Practice for Insolvency Professionals, which applies to IPA members.

Important note: The information sheets contain 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. These documents may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances. You will need a qualified professional adviser to take into account your particular circumstances and to tell you how the law applies to you.