

**Blackcitrus Pty Ltd
(In Liquidation)
A.C.N. 160 467 621
("the Company")**

Report to Creditors

22 September 2021

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1. Executive Summary

1.1. Liquidators' appointment

Christian Sprowles and I were appointed Joint and Several Liquidators of the Company on 18 October 2018 pursuant to an order made by the Supreme Court of Queensland.

1.2. Purpose of this report

The purpose of this report is to

- Provide creditors with an update on the progress of the liquidation; and
- Seek approval for liquidator's fees.

Please note this report should be read in conjunction with the previous reports to creditors of 14 November 2018 and 18 January 2019.

We are seeking approval of the Liquidators fees via a circular resolution, and request creditors to complete the attached voting slip and return it to Anny Ngo of our staff at anny@hogansprowles.com.au by no later than **20 October 2021**.

1.3. Estimated return to creditors

We anticipate that a return to the unsecured creditors of the Company will be dependent upon the outcome of legal proceedings.

Creditors will be notified separately if a dividend is declared. In the meantime, we ask creditors to submit a formal proof of debt if they have not already done so.

2. Update on Liquidation

We have attended to the following since the previous report dated 18 January 2019:

- Commenced proceedings against the Director and Blackcitrus Ops Pty Ltd seeking to recover the amount of \$122,968. Shortly prior when the proceedings were set down for hearing, a settlement agreement was reached whereby the Director and Blackcitrus Ops Pty Ltd agreed to pay a settlement sum of \$85,000, with payment of the settlement sum to be made in instalments of:
 - \$10,000 by 25 June 2021 ("**the First Instalment**"); and
 - \$75,000 by 9 September 2021 ("**the Second Instalment**").

The First Instalment was paid in accordance with the agreed terms of settlement. However, the Director and Blackcitrus Ops Pty Ltd failed to pay the Second Instalment Payment on time and under the terms of the agreed settlement, the Company was entitled to enter judgment for \$127,006.01 (being the full amount claimed in the proceedings plus interest accrued thereon until date of judgment). Judgment was granted by the Court on 13 September 2021. We have since demanded payment of the judgment amount by 11 October 2021. If this

amount is not received by that date, we propose to take steps to enforce the judgment against the Director and Blackcitrus Ops Pty Ltd.

- Commenced proceedings against Parramatta National Rugby League Club Limited for \$1.177m;
- Sale of assets including equipment and shares in YouExplore Pty Ltd;
- Continuing to pursue sale of Airservice Digital Pty Ltd shares; and
- Lodged a report pursuant to section 533 of the Act with ASIC and have been advised ASIC will not commence an investigation into the matters raised.

See below summary of estimated position of the liquidation:

	Book Value \$ '000	ERV \$ '000	Comments
Assets / Recoveries			
Sale of plant and equipment		269	section 2.3
Sale of Airservice Digital Pty Limited Shares		TBA	section 2.5
Sale of shares in YouExplore Pty Ltd		3,000	section 2.4
Claim in relation to R&D Refund	127,006	127,006	section 2.2
Claim in relation to Parramatta National Rugby League Club Limited	1,177,601	uncertain	section 2.1
Breaches of directors duties / voidable transactions	TBA	TBA	section 4
Total Assets / Recoveries	1,304,607	130,275	
Petitioning creditors costs		TBA	section 2.7
Liquidators fees, disbursements and expenses			section 5
Liquidator's fees and disbursements incurred to date		150,000	
Liquidator's expenses incurred to date (incl legal fees)		139,799	
Liquidator's future fees and disbursements (incl legal fees)		Uncertain	
Priority employee entitlements		3,500	section 2.8
Amount available to unsecured creditors		TBA	
Unsecured creditors claims		1,282,371	section 2.9

2.1 Claim against Parramatta National Rugby League Club Limited (claim \$1,117,601)

On 13 July 2021, we commenced court proceedings against the Parramatta National Rugby League Club Limited (“PNRLC”) in the amount of \$1,177,601 (principal claim being \$609,391.20 with balance being outstanding interest). The claim relates to a Heads of Agreement signed on 20 February 2015 between Blackcitrus Pty Limited and PNRLC (document executed by Scott Seward in his capacity as CEO and company secretary of PNRLC) (“Heads of Agreement”). This agreement related to the Company (which was a digital agency) providing technical advisory and development services to PNRLC. Prior to the entering into the agreement, the Company had developed a number of systems for PNRLC known as ‘Player Management Platform’ and ‘Premiership Club’ that were operational at the time of signing the agreement with other systems in research and development stage.

The Heads of Agreement (executed by Scott Seward, who left the club in July 2015) appointed the Company for a period of 4 years to assist the club with decisions and implementation of technologies to improve / upgrade, optimise and replace existing systems and processes. The agreement provided for an annual fee payable to the Company of \$221,996 plus GST with additional work charged on a time and materials basis as per the Company's rate. The Company provided PNRLC legitimate services in accordance with the Heads of Agreement for which it was remunerated in the amount of \$404,665.20 from 20 February 2015 until 14 July 2016.

We have obtained legal advice from MDW Law and Andrew Smith (Barrister at Law) who have given advice on the Company's prospects of success in relation to this matter.

Prior to filing the statement of claim we sought a meeting with the PNRLC CEO, Jim Sarantinos, to discuss a potential settlement to avoid any further costs being incurred. That meeting was declined. The information provided to Mr Sarantinos included our draft statement of claim together with further particulars including the following:

1. Prior to entering into the Heads of Agreement, the Company completed approximately \$300,000 worth of work in relation to PNRLC's digital strategy;
2. On or around 2 February 2015, an agreement was entered into between Scorecube Pty Limited (wholly owned subsidiary of the Company) and Mr Anthony Watmough ("**Watmough Agreement**"). We understand that the Company provided the Watmough Agreement to the NRL on or around 25 January 2015.
3. We also understand that any reporting obligations to the National Rugby League ("**NRL**") lie solely with PNRLC.
4. Details of works that were undertaken for PNRLC including relevant timesheets.

We understand that there is no suggestion that the review conducted by the NRL found any wrongdoing by the Company or Mr Watmough.

On 11 August 2021, PNRLC filed a defence in the proceedings and the matter was before the Court on 8 September 2021. The Court has made orders in respect of foreshadowed interlocutory applications by each party and the matter is back in Court on 12 October 2021 for directions.

We intend to continue these proceedings and will keep creditors updated on our progress.

2.2 Disbursement of Research & Development Refund ("R&D Refund")

On 15 June 2018, ATY Advisory sent the Company a letter advising that the Company was entitled to claim a refund in relation to research & development in the 2016 – 2017 Financial Year in the amount of \$176,990.

On or around 28 June 2018 the Company's accountants, Nexia Accountants ("**Nexia**") lodged the Company's 2017 Company Tax Return ("**e**"). In the Tax Return:

- (a) The Company claimed a "research & development tax offset" in the amount of \$176,989;

- (b) The Company incurred tax in the amount of \$54,021 which was offset against the R&D Refund; and
- (c) The Company was refunded the balance of \$122,968.

We are aware that the R&D refund was paid into a Blackcitrus Ops Pty Limited account which is a Company wholly owned by Youngy Enterprises Pty Limited. At all material times, the Director was:

- (a) the sole director and secretary of Youngy Enterprises Pty Ltd; and
- (b) the beneficial owner of 51% of the shares in Youngy Enterprises Pty Ltd.

We requested that the Director provide us with evidence as to the basis upon which the 2017 Tax Refund was re-directed by him to Blackcitrus Ops Pty Limited. In our view, the books and records of the Company do not appear to support the claims asserted by the Director in relation to the apparent re-direction of the benefit of the 2017 Tax Refund to Blackcitrus Ops Pty Ltd.

We are of the view that these actions breach the Director's statutory and fiduciary duties to the Company, including:

- (a) The duty to exercise his powers and discharge his duties with the degree of care and diligence that a reasonable person would exercise if they (see section 180(1) of the Act):
 - (i) were an officer of the Company in the circumstances of the Company; and
 - (ii) occupied the same office held by, and had the same responsibilities within the Company, as the Director,
- (b) The duty to exercise his powers and discharge his duties in good faith and for a proper purpose (see section 181(1) of the Act); and
- (c) The duty not to improperly use his position to gain an advantage for himself and/or some other person or cause detriment to the Company (see section 182(1) of the Act).

We commenced proceedings in the Supreme Court of New South Wales on 14 December 2020 against the Director and Black Group Ventures Pty Limited (formerly known as Blackcitrus Ops Pty Ltd) ("**Black Group**") claiming an amount of \$122,968.76.

Following discussions with the lawyer acting for the Director and Black Group in those proceedings, we entered a deed of settlement on 28 June 2021 agreeing to resolve the matters arising from the claim for an amount of \$85,000 ("**the Settlement Sum**"). The Settlement Sum was payable as follows:

- (a) the sum of \$10,000 by 25 June 2021 ("**the First Instalment**"); and
- (b) the balance of \$75,000 by 9 September 2021 ("**the Second Instalment**").

The Director and Black Group failed to pay the Second Instalment within the time stipulated in the deed.

On 13 September 2021, we sought (and obtained) orders from the Court that judgement be awarded in the Company's favour against the Director and Black Group in the sum of \$122,968.76 plus interest ("**the Judgment Amount**").

Our solicitors have issued a demand on the Director for payment of the Judgment Amount by 11 October 2021. In the event that the Judgment Amount is not paid within the time stipulated, we propose to pursue enforcement action against the Director and Black Group.

2.3 Plant & Equipment

We have obtained items contained in a storage facility in Mascot, NSW. We engaged Slattery's Assets Advisory ("Slattery's") to sell the assets on our behalf. Slattery's have sold these items by auction, providing net realisations of \$269.69.

2.4 YouExplore.com

We have accepted an offer of \$3,000 for the Company's shares owned in YouExplore.com.

2.5 Airservice Digital Pty Ltd ("AirService")

The Company holds 500,000 shares of AirService. We have been in contact with the CEO of AirService, Mr Dominic Bressan, with a view to selling the Company's interest in AirService.

2.6 Energylink Holdings Pty Limited (formerly COzero Holdings Ltd) ("Energylink")

As detailed in our previous report to creditors we had instructed our lawyers to commence legal action against Mr Moradi in relation to the transaction. Prior to commencing action, we became aware that on 21 August 2019 the company was placed in administration and then subsequently liquidated.

Based on the liquidation of Energylink Holdings Pty Limited ("**Energylink**") we have formed the view it is not commercial to continue to pursue this claim as there was no ultimate benefit obtained from Mr Moradi in this transaction given the shares in Energylink now have no value.

2.7 Petitioning creditors' costs

Petitioning creditors have a priority over the costs in the administration. We have sought confirmation from Dentons Australia Pty Ltd (Formerly Dibbs Barker) in relation to the quantum of these costs.

2.8 Priority employee entitlements

Pursuant to Section 5561(A) of the *Corporations Act 2001*, the priority unsecured entitlements of employees who are directors and relatives of directors are capped at the amount of \$2,000 for

wages and superannuation and \$1,500 for leave and terminational entitlements. The balance of the entitlements ranks as an unsecured creditor claim.

Former director Stephen Moss has a claim for unpaid employee entitlements in the vicinity of \$22,078. Should a dividend be payable, we will investigate further into the validity of the claim.

2.9 Unsecured Creditors

Based on the Company's records and our investigations creditors' claims total \$1,285,871. Majority of claims relates to funds contributed by the Company's former and current shareholder Stephen Moss totalling \$1,035,228.

Should we be able to declare a dividend, further investigations will be conducted in relation to the quantum and validity of the unsecured creditor claims.

3. Financial Analysis

3.1. Profit and Loss

We have based our analysis on the management accounts of the Company.

Profit and Loss Statement	FY14	FY15	FY16	FY17
	(\$)	(\$)	(\$)	(\$)
Income				
Income	690,515	1,206,545	1,431,115	533,959
Other Income				
Interest Income	1,214	1,147	2,360	1,533
R&D Refund/Income Tax Benefit	123,549	136,376	-	519,798
Other	-	-	362	6,527
Total Income	815,278	1,344,068	1,433,837	1,061,816
Operating Expenses				
Accounting/Bookkeeping Fees	20,018	21,956	7,047	3,329
Bank Charges	41	1,881	1,203	4,222
Business Services	-	-	-	19,891
Computer & Office Equip < \$6,500	10,994	5,291	462	2,091
Consultancy Services/fees & Outsource Fees	420,794	269,831	332,368	176,878
Depreciation	2,268	12,026	-	6,985
Dues & Subscriptions	5,179	29,775	28,235	-
Electricity/Gas	-	-	4,590	3,763
Internet & Website	2,914	7,206	25,231	49,112
Insurance	1,065	6,871	7,798	7,448
Legal & Professional Fees	546	10,683	7,730	337
Motor Vehicle expenses	-	-	6,155	-
Rent	43,673	100,174	112,139	172,763
Software expenses	370	160	(2,608)	23,203
Superannuation Guarantee	24,686	58,744	66,443	35,932
Telephone & Mobile	1,597	2,427	5,862	5,696
Travel - Local & International	24,439	42,392	35,889	7,073
Wages & Salaries	266,880	619,308	728,008	390,606
Other	182,636	83,459	77,259	25,933
	1,008,098	1,272,185	1,443,811	935,261
Net Profit/(Loss)	(192,820)	71,883	(9,974)	126,555

We provide the following observations:

- During the period FY15 and FY16, while the Company was completing works for the PNRLC, the Company was profitable (or in a slight loss-making position). Following the termination of the Heads of Agreement with PNRLC, revenues dropped significantly. The FY17 profit was only due to a significant R&D Refund (\$519k) received during that year.
- The Company was being wound down from 18 August 2017 with the Company realising investment assets and pursuing the claim against PNRLC.
- The winding up application lodged by Dibbs Barker (Company's lawyers) was for a relatively small outstanding claim (\$10,049.82) that related to pursuing the claim against the PNRLC.

3.2. Balance Sheet

The Company's management financial position account for the financial years ending FY14 to FY17 is below:

Balance Sheet	FY14	FY15	FY16	FY17
	(\$)	(\$)	(\$)	(\$)
Assets				
Current Assets				
Cash at Bank & on Hand	79,646	6,587	8,020	18,965
Prepayments	-	-	5,000	-
Rental Bond & Bank Guarantees	-	55,142	55,142	75,184
Trade Debtors	(5,248)	35,004	304,966	300,563
	74,398	96,733	373,127	394,713
Non Current Assets				
Loans				
Loan - Boston Data	-	-	739	739
Loan - Cozero Pty Ltd	100,000	130,819	142,819	142,819
Loan - iComplain Pty Ltd	-	135,000	135,000	135,000
Plant & Equipment	6,139	12,742	6,985	0
Intangible Assets	6,676	7,099	5,514	5,514
Other non current assets	1,600	1,200	800	400
	114,415	286,860	291,857	284,472
Total Assets	188,813	383,593	664,984	679,185
Liabilities				
Current Liabilities				
Credit cards	-	-	5,890	25,249
GST and Other Tax liabilities	104,299	103,734	221,709	(195,324)
Payroll liabilities	24,679	48,667	23,739	17,289
Trade creditors	-	-	5,349	5,796
Customer Deposits	4,400	3,875	30,000	37,645
Unsecured Loan - BMS	500,551	600,551	800,551	-
Business loan - Stephen Moss	-	-	-	871,228
Business loan - others	-	-	4,676	4,676
	633,929	756,827	1,091,914	766,559
Total Liabilities	633,929	756,827	1,091,914	766,559
Net Assets	(445,117)	(373,234)	(426,930)	(87,375)

We make the following observations:

- We note that the Company accounts has not included various investments held by the Company including the shares held in EnergyLink Pty Limited, Airservices and various other investments obtained through services provided by the Company. Should these assets have been held at fair value the Company may have been in a positive net asset position through

the review period.

- iComplain is a related entity sharing common directorships with the Company, James Young. The company has since been deregistered on 5 April 2019. We are continuing to investigate this transaction to determine the amount of any outstanding claim.
- Cozero appointed liquidators on or about 12 October 2018 and since been in the process of deregistration since 28 June 2021. Recovery of the loan is unlikely. Furthermore, we have received conflicting accounting reports to determine whether the loan has been repaid or remains outstanding.
- The Company's has no outstanding tax liabilities accordingly to the ATO's running balance ("RBA"). However, there are several outstanding lodgements since May 2018.

4. Investigations

4.1. Company books and records

As stated previously, we have received limited books and records to allow us to conduct a thorough investigation into the Company's affairs. Our view is that the books and records are not maintained in accordance with Section 286 of the Act.

In addition, failure to maintain books and records may give rise to a presumption of insolvency pursuant to Section 588E of the Act. This presumption may be relied upon by the Liquidator in an application for compensation for insolvent trading and other actions for recoveries pursuant to Part 5.7B of the Act from the directors and related parties.

4.2. Related party transactions

Section 588FE (4) of the Act provides for payments to related parties may be voided where the Company was insolvent at the time of the transaction.

As advised in section 2.2, we had commenced proceedings against the Director in relation to the R&D refunds which was transferred to Blackcitrus Ops Pty Limited, a wholly owned subsidiary by Young Enterprises Pty Limited under the name of the Director, James Young. Based on our investigations the Director had misused the benefits of this transfer when the Company was insolvent.

After negotiations and discussions with Mr Young's lawyer, we agreed to resolve the matters arising from the claim for an amount of \$85,000. Only \$10,000 of this claim was paid by the due date (9 September 2021) with steps now being undertaken to recover the full amount of the \$123k claim.

4.3. Insolvent trading

According to Section 588G of the Act, the company's director(s) has a duty to protect the Company from incurring debt when there are reasonable grounds for suspecting that the Company will be unable to pay its debts as and when they fall due. Section 588M of the Act provides that a liquidator is able to recover 'damages' from the director(s) of an insolvent company, in an amount equal to the loss or damage suffered by the Company as a result of a breach of duty.

Our investigations to date indicate that the Company was likely insolvent shortly before the appointment of the liquidator due to PNRLC's non-payment of fees under the Heads of Agreement and the subsequent non-payment of legal fees from pursuing PNRLC claim (debt of \$10,049.82). There seems minimal other pressure on the cash flow of the Company with ATO obligations up to date and the company funded through shareholder loans that allowed the Company time to realise its investments.

Director's defence

Section 588H of the Act prescribes several defences available for the directors:

- If the directors has reasonable ground for expecting that the company was solvent at the time the debt was incurred and would remain solvent even if the debt was incurred;
- The Director can prove that he or she expected the company to be and remain solvent on the basis of information provided to him or her by a competent and reliable person responsible for providing information in relation to solvency to the director;
- Because of illness or "some other good reason", the person did not take part in the management of the company at the payment time
- The person took all reasonable steps to prevent the company from making the payment; or there were no such steps the person could have taken

Director's Financial Position

A search of conducted on the NSW Land Registry reveals several properties in the name of "James Peter Young" and "James Young". It is unclear whether Mr Young owns property at this stage. Further investigations will need to be conducted.

The shareholdings and directorships of the Director is indicated below:

Directorship	Position	Commencement
Blackcitrus Ops Pty Ltd	Director & Secretary	18/08/2017
Blackcitrus Pty Ltd	Director & Secretary	18/03/2018
Icomplain Pty Ltd	Director & Secretary	16/03/2018
Scorecube Pty Ltd	Director & Secretary	16/03/2018
Youngy Enterprises Pty Ltd	Director & Secretary	5/02/2010

Shareholdings	Number and Class	Beneficially	
		Held	Fully paid
Youngy Enterprises Pty Ltd	51 Ordinary Shares	Yes	Yes

At this stage we are unable to determine the quantum of insolvent trading claim. If creditors have any information which may assist our investigations, please email Anny Ngo of our office on 02 8020 5853 at via email on anny@hogansprowles.com.au.

4.4. Breach of Directors Duties

Section 180 to 183 of the Act sets out duties and powers of directors and officers of a company to enable directors act in the interest of the Company. The duties include:

- Section 180 – Care and Diligence
- Section 181 – Good Faith
- Section 182 – Use of Position
- Section 183 – Use of Information
- Section 184 – Good faith, use of position and use of information (Criminal Offences)

i) Section 180 – Care and Diligence

Pursuant to section 180 of the Act a director or other officer of a corporation must exercise their powers and discharge their duties with the degree of care and diligence that a reasonable person would exercise if they:

- a) Were a director or officer of a corporation in the corporation's circumstances; and
- b) Occupied the office held by, and had the same responsibilities within the corporation as, the director or officer.

ii) Section 181 – Good Faith

Pursuant to Section 181 of the Act, a director or other officer of a corporation must exercise their powers and discharge their duties:

- a) In good faith in the best interest of the corporation; and
- b) for a proper purpose

iii) Section 182 – Use of Position

Pursuant to Section 182 of the Act, a director or other officer or employee of a corporation must not improperly use their position to:

- a) Gain advantage for themselves or someone else; or
- b) Cause detriment to the corporation.

Based on our investigations to date, we have identified breaches of director duties subject to this Act. Accordingly, we have reported our investigations into the affairs of the Company and lodged a confidential report to ASIC pursuant to S533(1) of the Corporations Act 2001 on 2 November 2020.

We received a response from ASIC on 2 November 2020 advising ASIC has decided not to commence an investigation into the matters raised.

5. Costs of the liquidation

To date we have yet to seek approval for our remuneration by creditors, as such we will seek creditor approval for the fees set out in the remuneration report which is attached as **Annexure G** by way of resolutions without a meeting.

We are seeking approval of our proposed remuneration, without a meeting of creditors, through the following circular resolutions:

- Approve the current remuneration of the Liquidator for \$150,231 (**Annexure D**).
- Approve the future disbursements of the Liquidator for \$2,000 exclusive of GST (**Annexure E**).

Annexure A is the Proof of Debt Form

Annexure F is the ARITA Information Sheet: Proposals without meeting

Annexure G is a copy of our Liquidators' Remuneration Report

Enclosed at **Annexure C** is a summary of our receipts and payments as at the date of this report.

A copy of the information sheet 'Approving Fees: a guide for creditors' can be found on the ASIC website at www.asic.gov.au.

6. What happens next?

We are continuing with our investigation into the affairs of the Company and will proceed with the liquidation, including, but not limited to the following:

- Recovering and selling any available property;
- Finalising our investigations, particularly in relation to potential recoveries;
- Pursuing the recoveries identified above;
- Any other matters relevant to the liquidation.

We will write to you again with further information on the progress of the liquidation. At this stage due to the likelihood of litigation being required to realise the Company's assets we expect this liquidation to continue for at least a further twelve (12) months.

7. Where can you get more information?

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

- ARITA at www.arita.com.au/creditors
- ASIC at www.asic.gov.au (search for "insolvency information sheets").

If you have any queries, you may contact our office and speak with Anny Ngo on 02 8020 5853 or via email on anny@hogansproles.com.au.

Yours faithfully
Blackcitrus Pty Ltd



Michael Hogan
Joint & Several Liquidator

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

To the Joint and Several Liquidators of Blackcitrus Pty Ltd (In Liquidation)

1. This is to state that the company was, on 18 October 2018 ⁽¹⁾ and still is, justly and truly indebted to⁽²⁾ (full name):

.....
('Creditor')

.....
of (full address)

for \$dollars andcents.

Particulars of the debt are:

Date	Consideration ⁽³⁾ state how the debt arose	Amount \$	GST included \$	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.

DATED this day of 2021

Signature of Signatory

NAME IN BLOCK LETTERS

Occupation

Address

See Directions overleaf for the completion of this form

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

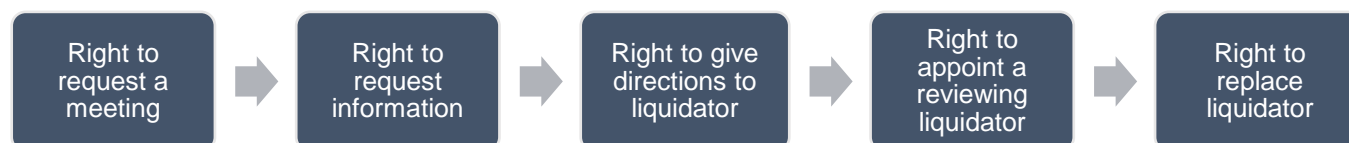
- * Strike out whichever is inapplicable.
- (1) Insert date of Court Order in winding up by the Court, or date of resolution to wind up, if a voluntary winding up.
- (2) Insert full name and address (including ABN) of the creditor and, if applicable, the creditor's partners. If prepared by an employee 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.

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.

Specific queries about the liquidation should be directed to the liquidator's office.

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.

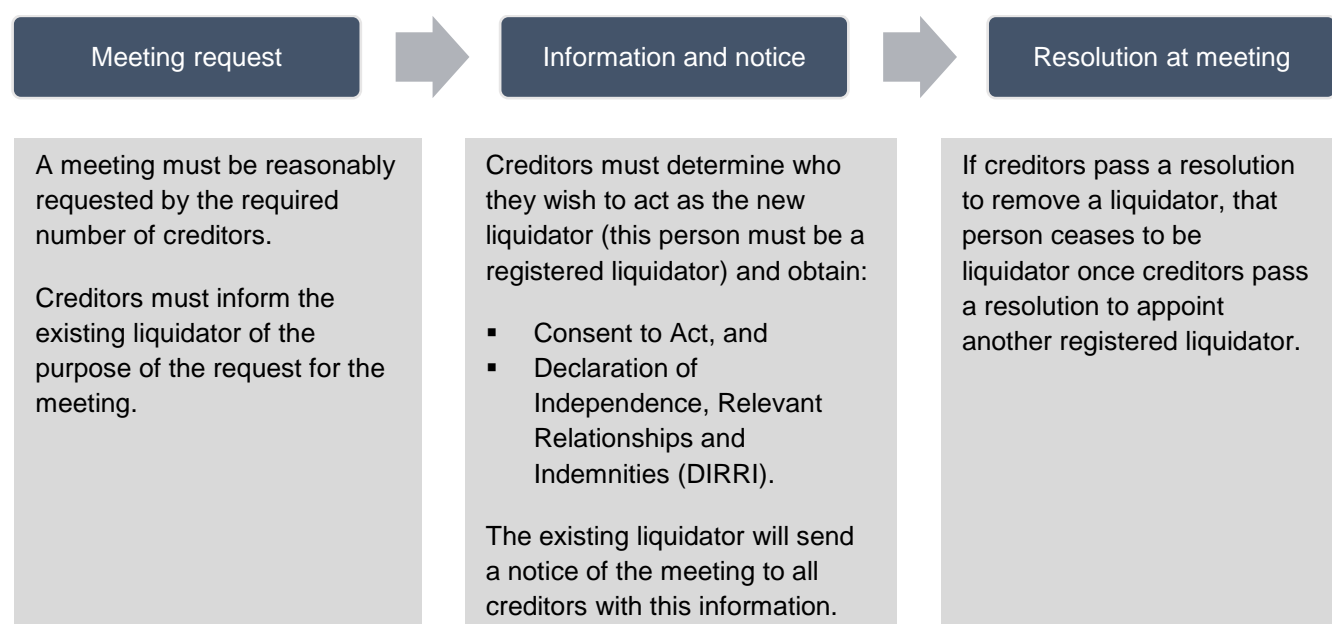
The cost of the reviewing liquidator is paid from the assets of the liquidation, in priority to creditor claims.

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.
Specific queries about the liquidation should be directed to the liquidator's office.**

Annexure C

Receipts and Payments For the period of 18 October to 22 September 2021

\$ incl GST

Receipts

Cash at Bank	1,176.49
Plant & Equipment	985.08
Other Assets	3,000.00
Funds advanced by HoganSproles	5,062.61
GST receivables	50.00
	<u>10,274.18</u>

Payments

Agent/Valuer Fees	651.31
Legal Fees	9,043.87
Storage Costs	550.00
GST payments	29.00
	<u>10,274.18</u>

Cash at bank **0**

NOTICE OF PROPOSAL TO CREDITORS

Dated: 22 September 2021

Voting Poll Closes: 20 October 2021

**Blackcitrus Pty Ltd (In Liquidation)
A.C.N. 160 467 621 (“the Company”)**

Proposal No. 1 for creditor approval

“That the current remuneration of the Liquidators from 18 October 2018 to 10 September 2021 is determined at a sum equal to the cost of time spent by the Liquidator, their partners and staff, calculated at the hourly rates as detailed in the Liquidator’s Remuneration Report dated 22 September 2021 such sum to be capped at the amount of \$150,231 exclusive of GST, and that the Liquidators may draw the remuneration on a monthly basis or as required”.

Vote on the Proposal No. 1

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

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

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

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

relationship: _____

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

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

- A Liquidator is entitled to be fairly remunerated for undertaking statutory and other duties, including reporting obligations in acting as a liquidator.
- We are unable to pay our 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 our remuneration will allow us to progress further investigations in a timely manner to ensure the prospect of any dividends can be maximised.
- Approval by Creditors, by circulating resolution from the Notice of Proposal to Creditors, is less costly than convening a meeting of creditors to obtain remuneration approval.
- This may negatively impact on creditors, as a formal meeting of creditors may be convened later than it may otherwise be convened, or not convened at all. That said, creditors are welcome to contact the Liquidators staff, by email or telephone, for an update on the liquidation.

Name of creditor / authorised person: _____

Address: _____

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 **20 October 2021**, by email to **Anny Ngo** at anny@hogansprowles.com.au. Should you have any queries in relation to this matter, please contact Anny Ngo on (02) 8020 5853.

HoganSproles
Level 9,
60 Pitt Street
SYDNEY NSW 2000

NOTICE OF PROPOSAL TO CREDITORS
Dated: 22 September 2021**Voting Poll Closes: 20 October 2021**

**Blackcitrus Pty Ltd (In Liquidation)
A.C.N. 160 467 621 (“the Company”)**
Disbursements

Disbursements are divided into three types:

- **Externally provided professional services** (eg legal fees) – these are recovered at cost.
- **Externally provided non-professional costs** (eg travel, accommodation and search fees) – these are also recovered at cost.
- **Internal disbursements** (eg photocopying, telephone, fax, printing and postage costs) – these are generally recovered at cost, however, expenses such as telephone calls, photocopying and printing may be charged at a rate which recoups both variable and fixed costs on a reasonable commercial basis.

I am not required to seek creditor approval for disbursements paid to third parties, however, I am required to account to creditors for such expenses and I must be satisfied that those disbursements are appropriate, justified and reasonable. In respect of Internal disbursements, to the extent that these may be recovered at more than their cost, they may be considered as deriving a profit or advantage and must therefore be approved by creditors, a committee of inspection (if one is appointed), or by the Court prior to them being drawn.

Declaration

We, Christian Sprowles and Michael Hogan have undertaken a proper assessment of disbursements claimed in the matter of the Company, in accordance with the law and applicable professional standards and we are satisfied that the disbursements claimed are necessary and proper.

It is proposed that future disbursements to be provided by my firm will be charged to the Company on the following basis:

Disbursements	Rate (Excl GST)
Externally provided professional services	At cost
Externally provided non-professional services	At cost
Internal disbursements	
Advertising	At cost
Search fees	At cost
Courier	At cost
Printing, Faxes & Photocopies	\$0.20 per page
Postage	At cost
Stationary and other incidental disbursements	At cost
Travel - Staff by own vehicle	\$0.72 per km
Travel - other	At cost

Proposal No. 2 for creditor approval

“That the internal disbursements of the Liquidator from 18 October 2021 to the completion of the liquidation is determined at a sum equal to the cost spent by the Liquidator, their partners and staff, calculated at the rates as detailed in the remuneration report dated 22 September 2021 such sum to be capped at the amount of \$2,000 exclusive of GST, and that the Liquidator may draw the disbursements on a monthly basis or as required.”

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 to you:

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

relationship: _____

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

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

- A Liquidator is entitled to be fairly remunerated for undertaking statutory and other duties, including reporting obligations in acting as a liquidator. We are unable to pay our 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 our disbursements will allow us to progress further investigations in a timely manner to ensure the prospect of any dividends can be maximised.
- This may negatively impact on creditors, as a formal meeting of creditors may be convened later than it may otherwise be convened, or not convened at all. That said, creditors are welcome to contact the Liquidator’s staff, by email or telephone, for an update on the liquidation.

Creditor details

Name of creditor

Address

ABN (if applicable)

Contact number

Email address

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

Signature: _____

Date: _____

For your vote to count, you **must complete** this document and return it together with any **supporting documents** by no later than close of business on **20 October 2021**, by email to **Anny Ngo** at anny@hogansprowles.com.au. Should you have any queries in relation to this matter, please contact Anny Ngo on (02) 8020 5853.

HoganSprowles
Level 9,
60 Pitt Street
SYDNEY NSW 2000

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").

Liquidators Remuneration Approval Report

**Blackcitrus Pty Ltd
(In Liquidation)
A.C.N. 160 467 621 (“the Company”)**

This remuneration report provides you with the information you need to be able to make an informed decision regarding the approval of our remuneration for undertaking the liquidation of the Company.

This report has the following information included:

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What do you need to do next?

You should read this report and the other documentation that we have sent you.

To minimise the costs in this liquidation, we have elected to seek the approval of creditors for our remuneration and internal disbursements without a meeting. Information about the proposals without a meeting process is included at part 8 of this report.

You can cast your vote by using the included voting form. This form needs to be returned to our office by post, scanned and emailed or faxed. We need to receive your forms **by 20 October 2021** for your vote to count. If you choose to use post, please allow enough time for your letter to be delivered.

If you have any questions, or need any assistance with understanding the materials we have sent to you, please contact Anny Ngo of my office on (02) 8020 5853 or via email at anny@hogansprowles.com.au.

Part 1: Declaration

We, Christian Sprowles and Michael Hogan of HoganSprowles, have undertaken a proper assessment of this remuneration claim for our appointment as joint and several liquidators of the Company in accordance with the law and applicable professional standards. We are satisfied that the remuneration claimed is in respect of necessary work, properly performed, or to be properly performed, in the conduct of the liquidation.

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

Part 2: Executive Summary

Since the date of our appointment to the 10 September 2021, we have incurred fees of \$150,231 plus GST and disbursements. We are unable to estimate the cost of the liquidation given there are ongoing pursuits of recovery. Subject to the outcome of our investigations and recoveries, we may be required to seek further approval of our remuneration at a later date.

We have capped our fees and the remuneration currently seeking approval is summarised below:

Period	Report Reference	Amount (ex GST)
Current Remuneration approval sought:		
Resolution [1]: Period: 18 October 2018 to 10 September 2021	Part 3	\$150,231
Total – Remuneration sought		\$150,231
* Approval for the future remuneration sought is based on an estimate of the work necessary to the completion of the liquidation. Should additional work be necessary beyond what is contemplated, further approval may be sought from creditors.		

Disbursements that require creditor approval currently claimed are summarised below:

Period	Report Reference	Amount (ex GST)
Current disbursements sought:		
Resolution [3]: Period: 18 October 2018 to completion	Part 4	\$2,000.00
Total – disbursements sought		\$2,000.00
* Approval for the future internal disbursements sought is based on an estimate of the internal disbursements necessary to the completion of the liquidation. Should additional disbursements be necessary beyond what is contemplated, further approval may be sought from creditors.		

Please refer to report section references detailed in the above table for full details of the remuneration and disbursements approval sought.

Part 3. Remuneration

3.1 Remuneration claim resolutions

We will be seeking approval of the following resolution to approve our remuneration. Details to support this resolution is included in section 3.2 and in the attached Schedule.

Resolution [1]: Current joint and several liquidators' remuneration for the period 18 October 2018 to 10 September 2021

“That the current remuneration of the Liquidators from 18 October 2018 to 10 September 2021 of the liquidation is determined at a sum equal to the cost of time spent by the Liquidators, their partners and staff, calculated at the hourly rates as detailed in the Liquidators' Remuneration Report dated 22 September 2021 such sum to be capped at the amount of \$150,231 exclusive of GST, and that the Liquidators may draw the remuneration on a monthly basis or as required”.

3.2 Details of Remuneration

The below table sets out the predicted time charges to each major task area by staff members working on the liquidation for the period between 18 October 2018 to the completion which is the basis of Resolution 1 claim. More detailed descriptions of the tasks performed within each task area, matching the amounts below, are contained in Schedule A below.

More detailed descriptions of the tasks likely to performed within each task area, matching the amounts below, are contained in Schedule A of this report.

HOURS INCURRED FOR THE PERIOD 18 OCTOBER 2018 TO 10 SEPTEMBER 2021
CALCULATION OF REMUNERATION

Employee	Position	\$/hour	Total actual hours	Total (\$)	Task Area							
					Assets hrs	\$	Creditor hrs	\$	Investigation hrs	\$	Administration hrs	\$
Christian Sprowles	Partner	545	2	1,145	0.0	0	0.0	0	2.1	1,145	0.0	0
Michael Hogan	Partner	545	39	23,381	7.0	3,815	3.8	2,071	29.0	15,805	3.1	1,690
Michael Hogan	Partner	560	0	224	0.0	0	0.0	0	0.0	0	0.4	224
Michael Hogan	Partner	595	22	15,946	0.9	536	5.3	3,154	12.1	7,200	8.5	5,058
Anny Ngo	Senior Manager	429	0	43	0.0	0	0.0	0	0.0	0	0.1	43
Anny Ngo	Senior Manager	440	1	440	0.0	0	0.0	0	0.0	0	1.0	440
Anny Ngo	Senior Manager	470	126	59,925	7.5	3,525	1.6	752	112.4	52,828	6.0	2,820
Anny Ngo	Senior Manager	500	15	10,800	0.4	200	6.4	3,200	14.2	7,100	0.6	300
Luke Mann	Supervisor	363	39	18,041	10.0	3,630	10.9	3,957	24.7	8,966	4.1	1,488
Luke Mann	Supervisor	375	13	4,688	4.6	1,725	0.0	0	4.8	1,800	3.1	1,163
Luke Mann	Supervisor	400	3	1,360	0.4	160	0.0	0	0.0	0	3.0	1,200
Mahima Sharma	Senior Analyst	330	4	1,320	2.4	792	0.0	0	0.0	0	1.6	528
Cheryl Moore	Analyst	275	1	220	0.0	0	0.0	0	0.0	0	0.8	220
Vincent Nguyen	Analyst	220	2	440	0.0	0	0.0	0	0.0	0	2.0	440
Christine Xiao	Graduate	200	3	500	0.0	0	0.0	0	0.0	0	2.5	500
Christine Xiao	Graduate	215	4	2,494	0.0	0	8.0	1,720	2.1	452	1.5	323
Jonas Wu	Graduate	182	14	2,639	2.2	400	1.0	182	3.1	564	8.2	1,492
Tony Nguyen	Graduate	182	4	2,111	1.8	328	7.4	1,347	2.2	400	0.2	36
Tony Nguyen	Graduate	190	1	475	0.3	57	2.0	380	0.0	0	0.2	38
Vincent Nguyen	Graduate	182	0	73	0.0	0	0.0	0	0.0	0	0.4	73
Vincent Nguyen	Graduate	190	2	361	0.0	0	0.0	0	0.7	133	1.2	228
Thomas Farquhar	Under Graduate	165	8	1,341	0.0	0	0.0	0	0.0	0	8.1	1,341
Thomas Farquhar	Under Graduate	170	6	969	0.0	0	0.0	0	0.0	0	5.7	969
Thomas Farquhar	Under Graduate	180	2	288	0.0	0	0.0	0	0.0	0	1.6	288
Thomas Farquhar	Under Graduate	190	1	95	0.0	0	0.0	0	0.0	0	0.5	95
Natalie Lu	Administration	105	8	914	0.0	0	0.7	74	0.0	0	8.0	840
Total			317	150,231	37.5	15,168	47.1	16,836	207.4	96,392	72.4	21,836
GST				15,023								
Total (incl GST)				165,255								
Average hourly rate				473								

3.3 Total remuneration reconciliation

To date, we have not drawn any fees. At this point in time, currently the total remuneration for this liquidation is \$150,231 (exclusive of GST). This is subject to the following variables which may have a significant effect on this estimate and that I am yet unable to determine:

- Recovering and realising any available property;
- Finalising our investigations, particularly in relation to potential recoveries available to the liquidators;
- Pursuing the recoveries identified in our report
- Any matters identified that are required to be reported to statutory authorities, such as ASIC.

Should the costs of the liquidation exceed our remuneration approval, we will then ask creditors to approve our remuneration retrospectively. Creditors will have an opportunity to ask any questions they may have in respect of the cost of the liquidation and will be provided with a report on time spent and tasks undertaken, along with a general report on the progress of the liquidation.

3.4 Likely impact on dividends

The dividend to any creditor will ultimately be impacted by the realisations achieved by the liquidator and the value of creditor claims admitted to participate in the dividend and the fees for the work performed to achieve realisations.

Part 4: Disbursements

Disbursements are divided into three types:

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

We are not required to seek creditor approval for costs paid to third parties or for disbursements where we are recovering a cost incurred on behalf of the liquidation, but we must account to creditors. We must be satisfied that these disbursements are appropriate, justified and reasonable. Details of these disbursements are included in the attached Receipts and Payments.

We are required to obtain creditor's consent for the payment of a disbursement where we, or a related entity of us, 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 these disbursements are provided below.

We have undertaken a proper assessment of disbursements claimed for the Company, in accordance with the law and applicable professional standards. We are satisfied that the disbursements claimed are necessary and proper.

Approval of the payment of my internal disbursements at the rates detailed below to a capped amount of \$2,000 exclusive of GST is being sought from creditors via a proposal without a meeting.

Resolution [2]: internal disbursements

"That the disbursements of the Liquidators from 18 October 2018 to completion is determined at a sum equal to the cost spent by the Liquidators, their partners and staff, calculated at the rates as detailed in the remuneration report dated 22 September 2021 such sum to be capped at the amount of \$2,000 exclusive of GST, and that the external administrators may draw the disbursements on a monthly basis or as required."

4.1 Future basis of internal disbursements

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

Disbursements	Rate (Excl GST)
External professional services	At cost
External non-professional services	At cost
Firm non-professional costs	
Phone calls	At cost
Search fees	At cost
Courier	At cost
Printing, Faxes & Photocopies	\$0.20 per page
Postage	At cost
Stationary and other incidental disbursements	At cost
Travel - Staff by own vehicle	\$0.72 per km
Travel - other	At cost

Rates applicable for financial year ending 30 June 2021.

Part 5: Summary of Receipts and Payments

Please refer to Annexure C of the Report to Creditors dated 22 September 2021.

Part 6: Queries

If you have any queries in relation to the information in this report, please contact Anny Ngo on (02) 8020 5853 or via email at anny@hogansprowles.com.au.

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

- ARITA at www.arita.com.au/creditors
- ASIC at www.asic.gov.au (search for “insolvency information sheets”).

Supporting documentation for my remuneration claim may be viewed if requested, provided sufficient notice is given.

Part 7: Approval of remuneration and internal disbursements

At **Annexure A and D to F**, I have enclosed the following for your completion by **20 October 2021**:

- Voting slip for the liquidators’ current remuneration;
- Voting slip for the liquidators’ disbursements;
- Proof of debt form

In our report we are seeking creditors to vote via a proposal without a meeting on the following resolutions:

Resolution [1]: Current joint and several liquidators’ remuneration for the period 18 October 2018 to 10 September 2021

“That the current remuneration of the Liquidators from 18 October 2018 to 10 September 2021 of the liquidation is determined at a sum equal to the cost of time spent by the Liquidators, their partners and staff, calculated at the hourly rates as detailed in the Liquidators’ Remuneration Report dated 22 September 2021 such sum to be capped at the amount of \$150,231 exclusive of GST, and that the Liquidators may draw the remuneration on a monthly basis or as required”.

Resolution [2]: Joint and several liquidators’ disbursements for the period 18 October 2018 to completion

“That the disbursements of the Liquidators from 18 October 2018 to completion is determined at a sum equal to the cost spent by the Liquidators, their partners and staff, calculated at the rates as detailed in the remuneration report dated 22 September 2021 such sum to be capped at the amount of \$2,000 exclusive of GST, and that the external administrators may draw the disbursements on a monthly basis or as required.”

Schedule A – Resolution 1 - Table of major tasks for remuneration

The below table provides a description of the work which has been or will be undertaken in each major task area during the course of the liquidation.

Task Area	General Description	Includes
Assets 37.5 hours \$15,168	Plant & Equipment	Identifying assets Collection of plant & equipment Liaise with valuers and auctioneers to realise assets Discuss proceedings of sale of assets
	Leasing	Reviewing leasing documents Liaising with owners/lessors/agent Tasks associated with disclaiming leases
	Debtors	Reviewing and assessing debtors' ledgers Correspondence with debtors and director Preparation of debtors letters Email correspondence with Director regarding repayment of R&D refund
	Other Assets	Tasks associated with realising other assets Liaise with purchaser of YouExplore shares Correspondence with AirServices regarding realisation of shares. Correspondence with potential buyers of AirServices shares. Review monthly updates from AirServices
Creditors 47.1 hours \$16,836	Creditor Enquiries, Requests & Directions	Receive and respond to creditor enquiries Maintaining creditor request log Review and prepare correspondence to creditors and their representatives
	Creditor reports	Preparation of initial report to creditors Preparation statutory report to creditors Preparation of updated report to creditors Prepared estimated position and return to creditors
	Dealing with proofs of debt	Receipting and filing POD's when not related to a dividend Corresponding with OSR and ATO regarding POD when not related to a dividend
	Proposals 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 of proposal outcome with ASIC
	Conducting investigations	Collection of company's books and records Reviewing company's books and records

Task Area	General Description	Includes
Investigation 207.4 hours \$96,392		Review and preparation of company nature and history Extracting financial reports from Xero system Conducting and summarising statutory searches Preparation of comparative financial statements Preparation of deficiency statement Review of specific transactions and liaising with director regarding certain transactions Liaising with director regarding certain transactions Preparation of investigation file Consider and review related party loans and transactions. Preparation and lodgement of supplementary report if required Review books and records for evidence in relation to a claim against the director and related company for the R&D Refund. Review books and records for evidence gathering in relation to claim against PNRLC Liaise with solicitors regarding recoveries. Approach a number of litigation funders regarding the recoveries Liaise with the accountants regarding financial accounts and R&D refund Conduct investigations into the shares the company holds Review file for the transfer of assets prior to the appointment of liquidator Liaise with petitioning creditor regarding all records they hold in relation to the claim against PNRLC Review records received from petitioning creditor Liaise with IT experts to extract and back up records Provide a back up of records to Mr Young Liaise with Mr Moss regarding information Cooperate with NSW Police regarding their investigations into the affairs of the business and collate books and records
	ASIC Reporting	Preparing statutory investigation reports Preparing affidavits seeking non-lodgement assistance Liaising with ASIC

Task Area	General Description	Includes
Administration 72.4 hours \$21,836	Correspondence	With various stakeholders Liaise with director, solicitor and/or accountant to discuss financial position Assisting director with preparing ROCAP and forms
	Document maintenance/file review/checklist	First month, then six monthly administration reviews Filing of documents File reviews Updating checklist
	Insurance	Identification of potential issues requiring attention of insurance specialists Correspondence with insurer regarding initial and ongoing insurance requirements Reviewing insurance policies Correspondence with previous brokers
	Bank account administration	Preparing correspondence opening and closing accounts Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers
	ASIC Forms and lodgements	Preparing and lodging ASIC forms Correspondence with ASIC regarding statutory forms Preparing form 525 regarding disclaimer
	ATO and other statutory reporting	Notification of appointment Correspondence with ATO regarding lodgements and registration Notifying ATO of finalisation
	Planning / Review	Discussions regarding status of administration
	Books and records / storage	Dealing with records in storage Recall records for investigations and collation of documents

hogan sprowles

Schedule of rates as @ 1 July 2021

Private & Confidential

Title	Description	Hourly rate (Excl. GST) (\$)
Partner	Registered liquidator, Chartered Accountant, degree qualified with more than fifteen years of extensive experience in insolvency, restructuring and business advisory matters. experience. Leads engagements with full accountability for strategy and execution.	595
Director	Generally Chartered Accountant and degree qualified with more than ten years of experience. Extensive experience in managing large, complex engagements at a senior level. Autonomously leads complex insolvency appointments reporting to Partner.	550
Senior Manager	Generally Chartered Accountant and degree qualified with more than seven years of experience. Significant experience across all types of engagements. Self-sufficiently conducts small to medium insolvency appointments.	500
Manager	Generally Chartered Accountant and degree qualified with more than five years of experience. Experience in complex matters, day to day conduct of small to medium engagements. Assists senior staff on complex matters.	450
Supervisor	Generally Chartered Accountant and degree qualified with more than three years of experience. Assists senior staff in planning and conduct of small to large engagements. Supervise a small team and control small engagements.	420
Senior Analyst 1	Generally degree qualified and undertaking Chartered Accountant's qualification. Controls certain tasks on small engagements and assists staff with completing tasks on medium to large engagements.	370
Senior Analyst 2	Experienced graduate controlling certain tasks on small engagements. Assists senior staff in completing tasks on small to large engagements.	360
Analyst 1	Experienced graduate. Required to assists senior staff in completing tasks on small to large engagements.	310
Analyst 2	Generally a university graduate with appropriate qualifications. Assists with day to day tasks under the supervision of senior staff.	240
Graduate	Generally degree qualified and undertaking or about to undertake Chartered Accountant's qualification with less than one year of experience. Assists with day to day tasks under the supervision of senior staff.	215
Undergraduate	Undertaking relevant degree. Assists with tasks within workstreams and appointments under supervision.	190
Senior Bookkeeper	Experienced bookkeeper with more than 18 months experience. Assist senior staff with accounting functions of engagement.	190
Bookkeeper	Assist senior staff with accounting functions of engagement.	170
PA	Appropriate skills and experience to support professional staff in an administrative capacity.	150
Administration	Appropriate skills and experience to support professional staff in an administrative capacity.	120