

Initial information for creditors

VH Group Services Pty Ltd (In Liquidation) A.C.N. 625 701 519 (“the Company”)

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

1. Information for creditors

1.1 Notification of appointment

I was appointed Liquidator of the Company on 5 February 2020 pursuant to an order made by the Federal Court of Australia. The petitioning creditor is the Deputy Commissioner of Taxation (“**the Petitioning creditor**”).

A copy of my Declaration of Independence, Relevant Relationships and Indemnities (“**DIRRI**”) is attached as **Annexure A**. The DIRRI assists you to understand any relevant relationships that I have, and any indemnities or upfront payments that have been provided to me. I have considered each relationship and it is my opinion that none of the relationships disclosed in the DIRRI result in a conflict of interest or duty or affect my independence.

1.2 What is a court liquidation?

A court liquidation is where an order to place a Company into liquidation is made by the court. Usually this is on application of a creditor where the Company has not paid its outstanding debt. In most circumstances, this means that the Company is insolvent.

My role as Liquidator is to administer the affairs of the Company, realise the assets and pay dividends (if any). I am also required to investigate the affairs of the Company and report any offences to Australian Securities and Investment Commission (“**ASIC**”).

1.3 What happens to your debt?

According to the information available to me, you are or may be a creditor of the Company.

All creditors of the Company are now creditors in the liquidation. As a creditor, you have certain rights, although your debt will now be dealt with in the liquidation.

If you have leased the Company property, have a retention of title claim or hold a Personal Property Security interest over any assets or property of the Company, please contact my staff as soon as possible.

Level 9, 60 Pitt Street Sydney NSW 2000 | PO BOX R181 Royal Exchange NSW 1225 |

www.hogansprowles.com.au

Phone: (02) 8020 5850 | Facsimile (02) 9251 9777

Liability limited by a scheme approved under Professional Standards Legislation

1.4 Your rights as a creditor

Information regarding your rights as a creditor is provided in the information sheet included at **Annexure B**. This includes your right to:

- Make reasonable requests for a meeting;
- Make reasonable requests for information;
- Give directions to me;
- Appoint a reviewing liquidator; and
- To replace me as liquidator.

2. Summary of the Company's affairs

Below is a summary of the information available from ASIC for the Company.

| Company Details | | |
|-----------------------------|---|---------------|
| Registration Date | 20 April 2018 | |
| Registered Office | Suite 4, 247-249 Kingsgrove Road, Kingsgrove NSW 2208 | |
| Principal Place of Business | Suite 4, 247-249 Kingsgrove Road, Kingsgrove NSW 2208 | |
| Director & Secretary | Appointed | Ceased |
| Robert Levi Faasii | 20 April 2018 | - |
| Share Structure | Amount Paid | Amount Unpaid |
| 10 Ordinary Shares | \$10.00 | \$0.00 |
| Current Shareholder | Shares Held/Type | Fully Paid |
| Robert Levi Faasii | 10 Ordinary Shares | Yes |

3. Update on Liquidation

Since my appointment, I have written to the Director to obtain information on the Company and the Company's books and records.

My investigations are continuing, in particular with the following:

- Voidable transactions and recoveries available in the liquidation;
- Locating and realisation of assets;
- Review of historical financial information; and
- Investigations into the affairs of the business.

Creditors should expect an update on the liquidation and my investigations in the Statutory Report to creditors due within three months' time.

4. Costs of the liquidation

Included at **Annexure C** is my Initial Remuneration Notice. This document provides you with you with information about how I propose to be paid for undertaking the liquidation.

I am seeking approved of my proposed remuneration, without a meeting of creditors, via the following circular resolutions:

- Approve the remuneration of the Liquidator for \$30,000 exclusive of GST (**Annexure D**); and
- Approve the future internal disbursements of the Liquidator of \$2,000 exclusive of GST (**Annexure E**).

5. Further information

The Australian Restructuring Insolvency and Turnaround Association (“**ARITA**”) provides information to assist creditors with understanding liquidations and insolvency. This information is available from ARITA’s website at www.arita.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 www.asic.gov.au (search for “insolvency information sheets”).

Should you have any questions in relation to this matter, please contact Luke Mann of my office, by email at lmann@hogansproawles.com.au or by phone on (02) 8020 5850.

DATED this 10th day of February 2020

VH Group Services Pty Ltd


Christian Sprowles
Liquidator

Attachments

Annexure A – Declaration of Independence, Relevant Relationships and Indemnities
Annexure B – Information Sheet - Creditor Rights in Liquidation
Annexure C – Initial remuneration notice
Annexure D – Proposal 1: Future remuneration
Annexure E – Proposal 2: Future disbursements
Annexure F – Proof of debt form
Annexure G – ARITA Information Sheet: Proposals without meeting
Annexure H – Liquidator’s Remuneration Report

DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS AND INDEMNITIES

**VH Group Services Pty Ltd (In Liquidation)
A.C.N. 625 701 519 (“the Company”)**

This document requires the Practitioner appointed to an insolvent entity to make declarations as to:

- A. their independence generally;
- B. relationships, including
 - i the circumstances of the appointment;
 - ii any relationships with the Insolvent and others within the previous 24 months;
 - iii any prior professional services for the Insolvent within the previous 24 months;
 - iv. that there are no other relationships to declare; and
- C. any indemnities given, or up-front payments made, to the Practitioner.

This declaration is made in respect of myself, my partners and HoganSprowles.

1. Independence

I, Christian Sprowles of HoganSprowles have undertaken a proper assessment of the risks to my independence prior to accepting the appointment as liquidator of the Company in accordance with the law and applicable professional standards. This assessment identified no real or potential risks to our independence. I am not aware of any reasons that would prevent me from accepting this appointment.

2. Declaration of Relationships

i. Circumstances of appointment

On 5 December 2019, I was contacted by Annelies Reynolds from Hunt & Hunt Lawyers, who act on behalf of the petitioning creditor, the Deputy Commissioner of Taxation (“the ATO”), seeking my consent to act as Liquidator of the Company. I provided my consent to act as Liquidator of the Company. Subsequently, on 5 February 2020, I was contacted by Lorraine Jamhour from Hunt & Hunt Lawyers, who informed me I was appointed Liquidator of VH Group Services Pty Ltd (In Liquidation) by the Federal Court of Australia on 5 February 2020.

The reason I believe this relationship does not result in the Liquidator having a conflict of interest or duty are:

- Referrals from lawyers are commonplace and do not impact on my independence in carrying out my duties as Liquidator of the Company; and
- Referrals from this source, and associated fees, are not a significant percentage of my business and accordingly, I am by no means dependent on referrals from this source.
- The referrer has not been remunerated for the referral.

ii. Relevant Relationships (excluding Professional Services to the Insolvent)

Neither I, nor my firm, have, or have had within the preceding 24 months, any relationships with the Company, an associate of the Company, a former insolvency practitioner appointed to the Company or any person or entity that has security over the whole or substantially the whole of the Company's property.

There are no other prior professional or personal relationships that should be disclosed.

iii. Prior Professional services to the Insolvent

Neither I, nor my firm, have provided any professional services to the Company in the previous 24 months.


iv. 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 the Company, an associate of the Company, a former insolvency practitioner appointed to the Company or any person or entity that has a charge on the whole or substantially whole of the Company's property that should be disclosed.

C. Indemnities and up-front payments

I have not been indemnified in relation to this liquidation, other than any indemnities that I may be entitled to under statute and I have not received any up-front payments in respect of my remuneration or disbursements.

Dated: 10 February 2020



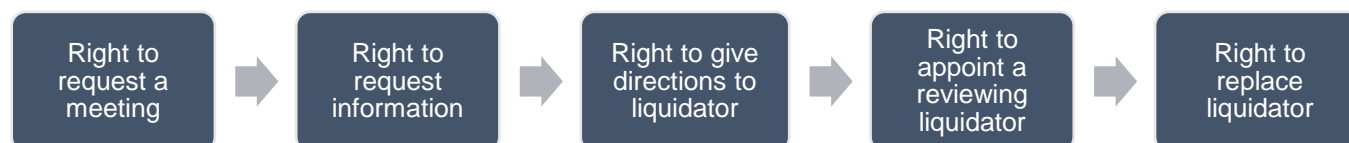
Christian Spowles
Liquidator

Notes:

- 1. If circumstances change, or new information is identified, I am/we are required under the Corporations Act and the ARITA Code of Professional Practice to update this Declaration and provide a copy to creditors with my/our next communication as well as table a copy of any replacement declaration at the next meeting of the insolvent's creditors.*
- 2. Any relationships, indemnities or up-front payments disclosed in the DIRRI must not be such that the Practitioner is no longer independent. The purpose of components B and C of the DIRRI is to disclose relationships that, while they do not result in the Practitioner having a conflict of interest or duty, ensure that creditors are aware of those relationships and understand why the Practitioner nevertheless remains independent.*

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.

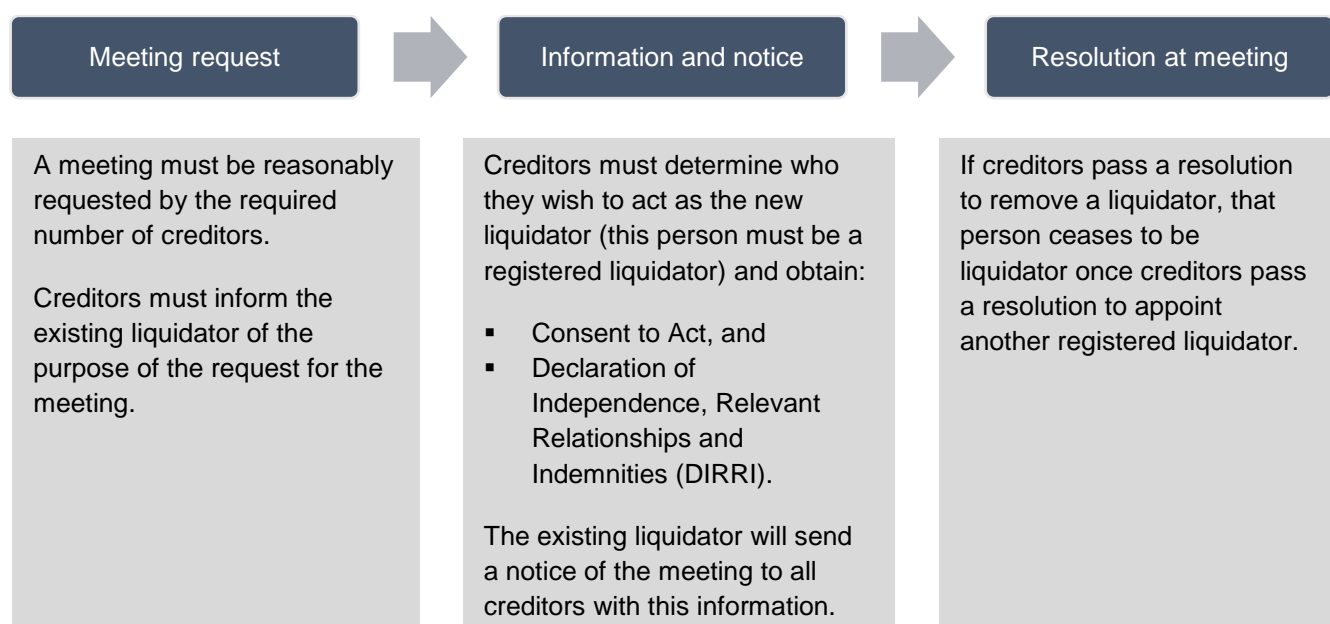
The cost of the reviewing liquidator is paid from the assets of the liquidation, in priority to creditor claims.

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.**

INITIAL REMUNERATION NOTICE

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

VH Group Services Pty Ltd (In Liquidation)
A.C.N. 625 701 519 (“the Company”)

The purpose of the Initial Remuneration Notice is to provide you with information about how I propose my remuneration for undertaking the liquidation of VH Group Services Pty Ltd will be set.

1 Remuneration Methods

There are four basic methods that can be used to calculate the remuneration charged by an insolvency practitioner. 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. Sometimes a practitioner will finalise a liquidation for a fixed fee.
- C. **Percentage:** The total fee charged is based on a percentage of a particular variable, such as the gross proceeds of assets realisations.
- D. **Contingency:** The practitioner’s fee is structured to be contingent on a particular outcome being achieved.

2 Method chosen

Given the nature of this liquidation I propose that my remuneration be calculated on a time based/hourly rates basis. The amount of work required and the recoveries from Company assets are at this stage not known to me and accordingly the time based/hourly rates basis best allows me to accurately determine how much work has been completed in the liquidation and remunerate accordingly. I have chosen the time based/hourly rates method because:

- This method is considered to be the 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 external Liquidation.
- The practitioner is required to perform a number of tasks which do not relate to the realisation of assets, for example, reporting to the Australia Securities and Investments Commission (“ASIC”), undertaking investigations, responding to creditor enquiries and distributing funds to creditors.

- The practitioner has a time recording system that can produce a detailed analysis of the time spent on each type of task by each individual staff member 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 my remuneration calculation are set out in the attached table, schedule of hourly rates, 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. Time is charged in six-minute increments.

4 Estimated remuneration

I have estimated that this liquidation will cost approximately \$30,000 exclusive of GST to completion, subject to the following variables which may have a significant effect on this estimate and that I am unable to determine at this early stage of the liquidation:

- The time required to obtain the Company books and records from the director and third parties;
- The recovery of the Company's assets (if any);
- Investigations required into the business affairs of the Company and identify any assets or recoveries available to the liquidator; and
- Any matters identified that are required to be reported to statutory authorities, such as ASIC.

The Liquidator's time costs are recoverable only against the asset realisations available.

5 Disbursements

Disbursements are divided into three types:

- **Externally provided professional services** - these are recovered at cost. An example of an externally provided professional service disbursement is legal fees.
- **Externally provided non-professional costs** such as travel, accommodation and search fees - these are recovered at cost.
- **Internal disbursements** such as photocopying, printing and postage. These disbursements, if charged to the 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.

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

I am required to obtain creditor's consent for the payment of internal disbursements where there may be a profit or advantage. Creditors will be asked to approve my internal disbursements where there is a profit or advantage prior to these disbursements being paid from the liquidation.

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

Basis of disbursement claim

| 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 | \$0.68 per km |
| Travel - other | At cost |

Scale applicable for the financial year ending 30 June 2020.

Queries

Creditors have the right to request and obtain further information from the liquidator.

Information Sheet

Creditors may access the remuneration information sheet (ASIC Information Sheet 85 – Approving fees: a guide for creditors) at ASIC's website under Regulatory Resources.

<http://www.asic.gov.au/regulatory-resources/insolvency/insolvency-for-creditors/approving-fees-a-guide-for-creditors/>

DATED this 10th day of February 2020

VH Group Services Pty Ltd



Christian Sprowles
Liquidator

hogan sprowles

Schedule of rates as @ 1 July 2019

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. | 560 |
| 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. | 505 |
| 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. | 440 |
| 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. | 395 |
| 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. | 375 |
| 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. | 330 |
| Senior Analyst 2 | Experienced graduate controlling certain tasks on small engagements. Assists senior staff in completing tasks on small to large engagements. | 320 |
| Analyst 1 | Experienced graduate. Required to assists senior staff in completing tasks on small to large engagements. | 275 |
| Analyst 2 | Generally a university graduate with appropriate qualifications. Assists with day to day tasks under the supervision of senior staff. | 205 |
| 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. | 190 |
| Undergraduate | Undertaking relevant degree. Assists with tasks within workstreams and appointments under supervision. | 170 |
| Senior Bookkeeper | Experienced bookkeeper with more than 18 months experience. Assist senior staff with accounting functions of engagement. | 170 |
| Bookkeeper | Assist senior staff with accounting functions of engagement. | 160 |
| PA | Appropriate skills and experience to support professional staff in an administrative capacity. | 140 |
| Administration | Appropriate skills and experience to support professional staff in an administrative capacity. | 110 |

NOTICE OF PROPOSAL TO CREDITORS

Dated: 10 February 2020

Voting Poll Closes: 28 February 2020

**VH Group Services Pty Ltd (In Liquidation)
A.C.N. 625 701 519 (“the Company”)**

Proposal No. 1 for creditor approval

“That the future remuneration of the Liquidator from 5 February 2020 to completion is determined at a sum equal to the cost of time spent by the liquidator and his partners and staff, calculated at the hourly rates as detailed in the Remuneration Approval Report of 10 February 2020 that may be increased at a rate of up to 10% at 1 July each year (rounded to the nearest \$10), up to a capped amount of \$30,000 exclusive of GST, and that the liquidator can 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 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.
- I am unable to pay my remuneration without the approval of the Committee of Inspection (if one has been appointed), Creditors, or the Court.
- Approval by Creditors is efficient and timely, and is less costly than an application to the Court.
- Approval of my remuneration will allow me to progress further investigations in a timely manner to ensure the prospect of any dividends can be maximised.
- 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 **Friday 28 February 2020**, by email to Luke Mann at lmann@hogansprowles.com.au. Should you have any queries in relation to this matter, please contact Luke Mann on (02) 8020 5850.

HoganSproles
Level 9,
60 Pitt Street
SYDNEY NSW 2000

NOTICE OF PROPOSAL TO CREDITORS
Dated: 10 February 2020**Voting Poll Closes: 28 February 2020**

**VH Group Services Pty Ltd (In Liquidation)
A.C.N. 625 701 519 ("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

I, Christian Sprowles of HoganSprowles have undertaken a proper assessment of disbursements claimed in the matter of the Company, in accordance with the law and applicable professional standards and I am 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 | \$0.68 per km |
| Travel - other | At cost |

Proposal No. 2 for creditor approval

“That the internal disbursements of the liquidator for the period 5 February 2020 to the conclusion of the liquidation at the rates outlined in the Initial Remuneration Notice dated 10 February 2020 be capped at the amount of \$2,000 plus GST and can be drawn by the liquidator 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.
- I am unable to pay my disbursements without the approval of the Committee of Inspection (if one has been appointed), Creditors, or the Court.
- Approval by Creditors is efficient and timely, and is less costly than an application to the Court.
- Approval of my disbursements will allow me to progress further investigations in a timely manner to ensure the prospect of any dividends can be maximised.
- 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 **Friday 28 February 2020**, by email to Luke Mann at lmann@hogansprowles.com.au. Should you have any queries in relation to this matter, please contact Luke Mann on (02) 8020 5850.

HoganSprowles
Level 9,
60 Pitt Street
SYDNEY NSW 2000

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

To the Liquidator of VH Group Services Pty Ltd (In Liquidation)

1. This is to state that the company was, on 5 February 2020 ⁽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

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.

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

VH Group Services Pty Ltd (In Liquidation) A.C.N. 625 701 519 (“the Company”)

This remuneration report provides you with the information you need to be able to make an informed decision regarding the approval of my remuneration for undertaking the liquidation of VH Group Services Pty Ltd.

This report has the following information:

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What do you need to do next?

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

To minimise the costs in the administration and this liquidation, I have elected to seek the approval of creditors for my remuneration without a meeting. Information about the proposals without a meeting process is included as Annexure H.

You can cast your vote by using the included voting form. This form needs to be returned to my office by post, scanned and emailed or faxed. I need to receive your forms by **Friday 28 February 2020** 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 in this matter, please contact Luke Mann of my office on (02) 8020 5850 or by email at lmann@hogansprowles.com.au.

Part 1: Declaration

I, Christian Sprowles of HoganSprowles, have undertaken a proper assessment of this remuneration claim for my appointment as liquidator of the Company in accordance with the law and applicable professional standards. I am satisfied that the remuneration claimed is in respect of necessary work, properly performed, or to be properly performed, in the conduct of the liquidation.

Part 2: Executive Summary

The total remuneration for this appointment is estimated to be \$30,000 exclusive of GST.

Remuneration currently claimed is summarised below:

| Period | Report Reference | Amount (ex GST) |
|---|------------------|--------------------|
| Future Remuneration claimed: | | |
| Liquidation | | |
| Resolution 1: 5 February 2020 to the conclusion | Part 3 | \$30,000.00 |
| Total remuneration | | \$30,000.00 |
| * 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. | | |

Internal disbursements currently claimed are summarised below:

| Period | Report Reference | Amount (ex GST) |
|--|------------------|-------------------|
| Future Internal disbursements approval | | |
| Resolution 3: 5 February 2020 to the conclusion | Part 4 | \$2,000.00 |
| Total – future disbursements | | \$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 calculation and composition of the remuneration approval sought.

Part 3: Remuneration

3.1 Remuneration claim resolutions

I will be seeking approval of the following resolutions to approve my remuneration. Details to support these resolutions are included in section 3.2 and in the attached schedules.

Resolution 1: from 5 February 2020 to the conclusion of the liquidation

“That the future remuneration of the Liquidator from 5 February 2020 to completion is determined at a sum equal to the cost of time spent by the Liquidator and their partners and staff, calculated at the hourly rates as detailed in the Remuneration Approval Report of 10 February 2020 that may be increased at a rate of up to 10% at 1 July each year (rounded to the nearest \$10), up to a capped amount of \$30,000.00 exclusive of GST, and that the Liquidator can draw the remuneration on a monthly basis or as required.”

3.2 Details of remuneration

The attached Schedule A set outs the predicted time charges to each major task area by staff members working on the liquidation for the periods from 5 February 2020 to completion which is the basis of the Resolution 1 claim. More detailed descriptions of the tasks performed within each task area, matching the amounts below, are contained in Schedules B below.

3.3 Total remuneration reconciliation

In preparing this remuneration approval report, I have made my best estimate at what I believe the liquidation will cost to complete and I do not anticipate that we will have to ask creditors to approve any further remuneration. However, should the liquidation not proceed as expected, I will advise creditors and I may seek approval of further remuneration and provide details on why the remuneration has changed. Matters that may affect the progress and the cost of the liquidation, include the task involved in pursuing recoveries.

Part 4: Disbursements

Details of the type and calculation of disbursements are included in the attached initial remuneration notice. Disbursements are divided into three types:

- **Externally provided professional services** - these are recovered at cost. An example of an externally provided professional service disbursement is legal fees.
- **Externally provided non-professional costs** - these are recovered at cost. Examples of externally provided non-professional costs are travel, accommodation and search fees.
- **Internal disbursements** 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 in my initial remuneration notice.

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

Approval of the payment of my internal disbursements at the rates detailed in the attached initial remuneration notice 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 internal disbursements of the liquidator for the period 5 February 2020 to the conclusion of the liquidation at the rates outlined in the Initial Remuneration Notice dated 10 February 2020 be capped at the amount of \$2,000 plus GST and can be drawn by the liquidator as required.”

Part 5: Likely impact on dividends

The likelihood of a dividend being paid to creditors depends on the outcome of my investigations and any recoveries.

A further notice will be sent to creditors prior to any dividend distribution.

Part 6: Remuneration Recoverable from External Sources

At this stage the Liquidator has not received, and is not entitled to receive, any funding from external sources in respect of remuneration.

Part 7: Report on Progress of the Liquidation

Please see the Liquidators' Report to Creditors dated 10 February 2020.

Part 8: Summary of Receipts and Payments

There have been no receipts or payments to date.

Part 9: Queries

If you have any queries in relation to the information in this report, please contact Luke Mann on (02) 8020 5850 or via email at lmann@hogansprowles.com.au.

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

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

Part 10: Approval of remuneration and internal disbursements

At **Annexure D, E and F**, we have enclosed the following documents for your completion by **Friday, 28 February 2020**:

- Voting slip for the Liquidator's remuneration;
- Voting slip for the Liquidator's disbursements; and
- Proof of debt form.

In my report I am seeking creditors to vote via a proposal without a meeting on the following resolutions:

“That the future remuneration of the Liquidator from 5 February 2020 to completion is determined at a sum equal to the cost of time spent by the Liquidator and their partners and staff, calculated at the hourly rates as detailed in the Remuneration Approval Report of 10 February 2020 that may be increased at a rate of up to 10% at 1 July each year (rounded to the nearest \$10), up to a capped amount of \$30,000.00 exclusive of GST, and that the Liquidator can draw the remuneration on a monthly basis or as required.”

AND

“That the internal disbursements of the liquidator for the period 5 February 2020 to the conclusion of the liquidation at the rates outlined in the Initial Remuneration Notice dated 10 February 2020 be capped at the amount of \$2,000 plus GST and can be drawn by the liquidator as required.”

Schedule A – Resolution 1 - Calculation of remuneration

VH Group Services Pty Ltd (In liquidation)
A.C.N. 625 701 519 (“the Company”)
ESTIMATED HOURS TO BE INCURRED FROM 5 FEBRUARY 2020 TO THE CONCLUSION
CALCULATION OF REMUNERATION

| Employee | Position | \$/hour | Total actual hours | Total (\$) | Task Area | | | | | | | |
|-------------------------|---------------|---------|--------------------|------------------|--------------|-----------------|---------------|-----------------|-------------------|------------------|--------------------|-----------------|
| | | | | | Assets hrs | \$ | Creditors hrs | \$ | Investigation hrs | \$ | Administration hrs | \$ |
| Christian Sprowles | Partner | 560.00 | 22.50 | 12,600.00 | 6.00 | 3,360.00 | 7.00 | 3,920.00 | 8.00 | 4,480.00 | 1.50 | 840.00 |
| Luke Mann | Supervisor | 375.00 | 29.00 | 10,875.00 | 7.00 | 2,625.00 | 8.00 | 3,000.00 | 11.00 | 4,125.00 | 3.00 | 1,125.00 |
| Vincent Nguyen | Graduate | 190.00 | 30.50 | 5,795.00 | 5.00 | 950.00 | 10.00 | 1,900.00 | 11.00 | 2,090.00 | 4.50 | 855.00 |
| Thomas Farquhar | Undergraduate | 170.00 | 4.29 | 730.00 | 0.00 | 0.00 | 1.00 | 170.00 | 0.00 | 0.00 | 3.29 | 560.00 |
| Total | | | 86.29 | 30,000.00 | 18.00 | 6,935.00 | 26.00 | 8,990.00 | 30.00 | 10,695.00 | 12.29 | 3,380.00 |
| GST | | | | 3,000.00 | | | | | | | | |
| Total (incl GST) | | | | 33,000.00 | | | | | | | | |
| Average hourly rate | | | | 347.65 | | | | | | | | |

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

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

| Task Area | General Description | Includes |
|---|-----------------------------------|---|
| Assets 18.00 hours \$6,935.00 | Assets | Tasks associated with identifying and realising assets Liaising with valuers Correspondence and organising the sale of the assets |
| Creditors 26.00 hours \$8,990.00 | Creditor Enquiries | Receive and follow up creditor enquiries via telephone Maintaining creditor enquiry register Review and prepare correspondence to creditors and their representatives via facsimile, email and post |
| | Dealing with proofs of debt | Receipting and filing POD's Corresponding with OSR and ATO regarding POD's |
| | Reports to creditors | Preparation of report to creditor, initial creditors report and statutory report |
| Investigation 30.00 hours \$10,695.00 | Conducting investigation | Collection of company books and records Correspondence with ASIC to receive assistance in obtaining reconstruction of financial statements, company's books and records and Report as to Affairs Reviewing company's books and records Review and preparation of company nature and history Conducting and summarising statutory searches Preparation of deficiency statement Review of specific transactions and liaising with directors regarding certain transactions Liaising with directors regarding certain transactions Preparation of investigation file Lodgement of investigation with the ASIC |
| | ASIC reporting | Preparing statutory investigation reports Liaising with ASIC |
| Administration 12.29 hours \$3,380.00 | Correspondence | With various stakeholders Day one notices Meeting with the Director |
| | Bank account administration | Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers Correspondence with pre-appointment bank regarding closure of account |
| | ASIC Form 524 and other forms | Preparing and lodging ASIC forms including 505, 5602, 5011 etc Correspondence with ASIC regarding statutory forms |
| | ATO and other statutory reporting | Notification of appointment Preparing BAS' Correspondence with ATO regarding lodgements and registration |
| | Finalisation | Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration Completing checklists Finalising WIP |
| | Planning / Review | Discussions regarding status of liquidation |
| | Books and records / storage | Dealing with records in storage Sending job files to storage |



Schedule of rates as at 1 July 2019

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. | 560 |
| 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. | 505 |
| 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. | 440 |
| 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. | 395 |
| 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. | 375 |
| 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. | 330 |
| Senior Analyst 2 | Experienced graduate controlling certain tasks on small engagements. Assists senior staff in completing tasks on small to large engagements. | 320 |
| Analyst 1 | Experienced graduate. Required to assists senior staff in completing tasks on small to large engagements. | 275 |
| Analyst 2 | Generally a university graduate with appropriate qualifications. Assists with day to day tasks under the supervision of senior staff. | 205 |
| 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. | 190 |
| Undergraduate | Undertaking relevant degree. Assists with tasks within workstreams and appointments under supervision. | 170 |
| Senior Bookkeeper | Experienced bookkeeper with more than 18 months experience. Assist senior staff with accounting functions of engagement. | 170 |
| Bookkeeper | Assist senior staff with accounting functions of engagement. | 160 |
| PA | Appropriate skills and experience to support professional staff in an administrative capacity. | 140 |
| Administration | Appropriate skills and experience to support professional staff in an administrative capacity. | 110 |