

**A.C.N. 003 682 693 Pty Limited (In Liquidation)
(Formerly Object Consulting Pty Limited)
A.C.N. 003 682 693
("the Company")**

REPORT TO CREDITORS

24 July 2020

DATE OF APPOINTMENT

25 September 2019

EXTERNAL ADMINISTRATORS

Joseph Hayes and Andrew McCabe

CONTACT

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Wexted Advisors
Level 12, 28-34 O'Connell Street
SYDNEY NSW 2000



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1. Executive summary

1.1 Context

We, Joseph Hayes and Andrew McCabe, were appointed as Administrators of the Company on 21 August 2019 and Liquidators on 25 September 2019.

The purpose of this Report is to update creditors on the conduct of the Liquidation since our previous report on 22 May 2020 (“Previous Report”) and meeting of creditors on 12 June 2020 (“Previous Meeting”). This report should be read in conjunction with our previous reports to creditors, which are available on our website www.wexted.com

This Report provides an update on the status of activities since the Previous Meeting. Since 22 May 2020, we have progressed a number of matters including, but not limited to:

- Dealing with enquiries from employees in relation to individual claims in respect of employee entitlements;
- Adjudicating on priority claims, including a significant claim from the Australian Taxation Office (“ATO”), and payment of the priority dividend in respect of wages and superannuation on 23 July 2020;
- Collecting and reconciling further debtors;
- Progressing the unfair preference claims against the ATO and Revenue NSW;
- Finalising issues associated with the sale to DWS;
- Liaising with our lawyers and issuing a settlement offer to Eaton Square;
- Meeting with the director, Mr Gerry Carroll; and
- Conducting investigations into other potential recovery actions to maximise the chance of a return to unsecured creditors.

1.2 Meeting of creditors – 12 August 2020

At the Previous Meeting, creditors expressed a preference for remuneration approvals to be staggered and suggested a lower amount than the \$200,000 fee proposal sought for the 12 month period to 17 May 2021. Creditors resolved to amend and limit the Liquidators’ remuneration approval to \$75,000 for the three month period from 18 May 2020 to 18 August 2020.

One of the key milestones to progress in the administration was the payment of a distribution to priority creditors. We confirm a distribution to priority creditors was made on 23 July 2020.

Attached to this Report at **Appendix B** is a notice of the next creditors meeting at 10am on 12 August 2020. The purpose of the meeting is to provide an update to creditors and for creditors to approve accrued and future liquidators’ remuneration to enable us to continue to pursue recovery actions.

Due to COVID-19 restrictions in place the creditors meeting will be held via teleconference facilities. We encourage creditors to vote via special proxy in advance of the meeting. Further details regarding the creditors meeting and special arrangements during COVID-19 can be found at Section 9 of this report or by contacting Lachlan Minogue at lminogue@wexted.com.



2. Priority Dividend

As at 23 July 2020, circulating assets (that are subject to section 561 of the Act) recovered in the administration totalled \$301.3K. Fees and expenses incurred to preserve and realise these debts were \$16.5K. Priority creditor claims in respect of wages and superannuation were \$10.9M. The majority of total claims is made up of the ATO's claim for \$10.6M in relation to Superannuation Guarantee Charge ("SGC").

In relation to the ATO's claim for \$10.6M, we rejected an amount of \$4.5M, (being \$4.3M superannuation plus General Interest Charge ("GIC"), on the basis that this amount was paid by the Company. We recently requested the ATO to consider waiving \$4.2M of its claim, relating to penalties and GIC, in order to provide a greater dividend return to employees in respect to wages and superannuation.

Accordingly, in accordance with the Notice of Intention to Declare Dividend dated 10 June 2020, a first dividend of 4.4 cents in the dollar was declared and paid to priority creditors on 23 July 2020, in respect to wages and superannuation.

A total of \$94.4K was distributed in relation to admitted claims totalling \$2.1M. A further \$190.3K has been stood over pending the outcome of our request to the ATO for the \$4.2M claim in penalties and GIC to be waived. Should the ATO not waive the \$4.2M, the \$190.3K will be paid to the ATO as an equalising dividend. If the ATO agrees to waive the \$4.2M in penalties and GIC, the \$190.3K will be included in the second dividend to priority creditors, resulting in a dividend of an additional 7 to 9 cents in the dollar in respect of wages and superannuation.

We note the outstanding debtors ledger includes four pre-appointment debtors in the amount of \$67.6K. We are of the view that the majority of these debtors are circulating assets that if realised, will be subject to section 561 of the Act. In the event these debts are recovered, debtor receipts net of recovery costs, will be distributed to priority creditors.

3. Asset Sale Agreement

3.1 DWS claim update

The Liquidators have settled the claim with DWS, and continue to work with DWS to complete post completion sales adjustments and obtain the assistance of DWS to maximise recoveries of the Company's debtors in the liquidation estate.

3.2 Sale Advisor success fee

A settlement offer has been made to Eaton Square to resolve the sale commission dispute on the ASA, with the offer expiring on 23 July 2020. Eaton Square did not accept the settlement offer proposed. We will progress to defending this claim in the County Court of Victoria on 23 November 2020.

We will engage solicitors for a three month period to assist the liquidators in filing the necessary documents for the Company's defense and preparing for the 23 November 2020 court proceedings.

4. Other Asset Realisations

Creditors should refer to the Previous Report for a detailed update on Asset Realisations. We provide below a summary of the additional realisations since the Previous Report.

4.1 Debtors

We previously reported outstanding debtors balance as at 17 May 2020 of \$229.2K, including \$139.9K in pre-appointment debtors and \$89.3K in post-appointment debtors.



Since our Previous Report we have collected a further \$59.8K. Leaving a residual debtor balance of \$169.4K as at 24 July 2020.

5. Investigations

Creditors should refer to the Previous Report for a detailed update on Investigations. We provide below an update on the continuing investigations being undertaken in the administration.

5.1 Unfair preference claims - ATO

As previously advised, we lodged an unfair preference claim in the amount of \$500K against the ATO on 24 October 2019. On 6 April 2020 and 2 June 2020, the ATO issued settlement offers to the liquidators which we declined. We are continuing to pursue this claim.

5.2 Unfair preference claims - Revenue NSW

As previously advised, we lodged an unfair preference claim in the amount of \$151K against Revenue NSW. On 26 June 2020, Revenue NSW made a settlement offer which we declined. We are continuing to pursue this claim.

5.3 Staff loans

As previously advised, our investigations reveal one staff loan account which significantly reduced during the six-month relation back date. We have made enquiries into the financial position of the account holder and are working to establish if they had reasonable grounds for suspecting the Company was insolvent or likely to become insolvent through entering into these transactions.

Furthermore, we have recently written to several individuals requesting further details in relation to loan repayments received during the six months prior to our appointment totalling approximately \$961K.

5.4 Claims against directors

As previously reported, there are potential claims against the director for insolvent trading and breaches in directors' duties. On 16 June 2020 we met with the director, Mr Gerry Carroll ("the Director"), to discuss our position and the next steps in the investigation process.

Further work undertaken in relation to the potential claims against the Director suggests the claims most worthy of pursuit will be claims related to breaches of section 180 and 181 of the Act. These investigations are continuing and further information will be provided at the creditors meeting.

6. Estimated Return to Creditors

6.1 Estimated return to creditors

Creditors should read the Previous Report for the estimated return to creditors. There is insufficient information for us to recommend material changes in the estimated returns since the Previous Report issued 22 May 2020. If there is a material change between the date of this report and the creditors meeting, further information will be provided at the creditors meeting.

7. Receipts and payments

A summary of our receipts and payments from commencement of the Liquidation (25 September 2019 to 23 July 2020) is provided below:



	Previous Report 25-Sep-19 to 14-May-20 \$	Report 15-May-20 to 23-Jul-20 \$	Total \$
Receipts			
Asset Sale Agreement	4,730,000	-	4,730,000
Debtors	1,209,679	59,833	1,269,511
Transfer from Administrators	923,903	-	923,903
Other asset realisations	195,101	2,153	197,254
Other receipts	13,971	21,393	35,364
Total Receipts	7,072,654	83,379	7,156,033
Payments			
Bank and utility expenses	149,089	-	149,089
Costs of realising assets	234,957	26,560	261,517
Employee expenses	1,820,576	-	1,820,576
Liquidators fees	220,000	125,414	345,414
Tax expenses	242,214	509,073	751,287
Secured Creditor Distribution	1,481,407	501,518	1,982,925
Priority Creditor Distribution	-	94,451	94,451
Other Payments	1,115,365	48,993	1,164,358
Total Payments	5,263,609	1,306,009	6,569,618
Closing Cash Balance	1,809,044.97	(1,222,631)	586,414

8. Liquidators' remuneration

8.1 Remuneration to date

At the creditors meeting held 12 June 2020, creditors approved the Liquidators' remuneration as follows:

- 19 March 2020 to 17 May 2020 in the amount of \$39,013 (excl. GST); and
- 18 May 2020 to 18 August 2020 in the amount of \$75,000 (excl. GST).

The Liquidators' remuneration approval of \$75,000 for the period 18 May 2020 to 18 August 2020 was incurred and drawn in full as at 30 June 2020. Additional time costs have been incurred for the period 1 July 2020 to the date of this Report.

Accordingly, at the meeting of creditors convened for 12 August 2020 we seek creditors approval for accrued and future liquidators' remuneration as follows:

- Accrued remuneration for the period 1 July 2020 to 17 July 2020 of \$15,000 (excl. GST). We note the remuneration incurred for the period was \$30,757.62 (excl. GST), however we propose to discount this work to \$15,000 (excl. GST);
- Accrued and future remuneration for the period 18 July 2020 to 12 August 2020 of \$10,000 (excl. GST). We note remuneration for this period is expected to exceed \$10,000, however we propose to discount this work, capped up to \$10,000 (excl. GST); and
- Future remuneration for the period from 13 August 2020 to 12 November 2020 of \$75,000 (excluding GST).



8.2 Future tasks to be undertaken

Further remuneration sought by the Liquidators is in respect of the following tasks to be undertaken:

- Collect outstanding debtors and finalise reconciliation of debtor books;
- Pursue preference payments claims in relation to the ATO, Revenue NSW and staff loans;
- Further investigations regarding breach of directors duties and commence recovery action, should there exist a commercial benefit to creditors;
- Continue to defend litigation claims from Eaton Square;
- Distribute circulating assets to priority creditors; and
- Distribute any funds to the secured creditors;

A detailed report on the accrued and future remuneration for the liquidators and their staff is set out in **Appendix A**.

9. Meeting of Creditors

9.1 Meeting details

A meeting of creditors of the Company will be held on 12 August 2020 at 10:00am at the offices of Wexted Advisors, Level 12, 28 O'Connell Street, Sydney NSW 2000. We advise that given the current circumstances (i.e. the COVID-19 restrictions in place) the creditors meeting will be held via telephone conference for the benefit of the Company's creditors. Please see below for further details regarding the special arrangements for the creditors meeting.

At this meeting, creditors will be provided with an update on the status and conduct of the liquidation, requested to approve additional remuneration of the Liquidators as detailed in the attached Remuneration Approval Report (**Appendix A**). Also attached is an Appointment of Proxy form (**Appendix C**) and a Proof of Debt form (**Appendix D**) for the purposes of voting at the meeting.

Those wishing to attend the creditors meeting need to provide the relevant details as set out in the notice of meeting, attached at **Appendix B** is a Notice of Meeting of Creditors. For further enquiries, contact Lachlan Minogue at lminogue@wexted.com or on (02) 9210 1706.

Creditors should ensure that the Appointment of Proxy (and Proof of Debt if one has not already been lodged with the Liquidators) is lodged by 4pm two days prior to the meeting to be eligible to vote. Corporate creditors are advised that an Appointment of Proxy must be completed and signed by a director.

Creditors are advised that attendance at the meeting of creditors has no effect on the admissibility of their claim for dividend purposes.

9.2 COVID-19 Meeting Arrangements

Due to the COVID-19 restrictions, we encourage all creditors, where possible, to attend via telephone conference or by proxy. On 11 August 2020, an invitation to join the meeting will be circulated to all creditors who indicate their intention to attend via telephone conference per the requirements as outlined above. Please direct all telephone conference requests to Lachlan Minogue at lminogue@wexted.com.

All creditors attending the meeting will be asked to hold their questions until prompted by the Chairperson. When addressing the meeting the creditor / proxy must state the creditor name, the proxy holder (if applicable) and the admitted proof of debt amount prior to asking their question(s). Each resolution will be decided on a poll. We encourage all creditors to vote via special proxy prior to the meeting to enable the efficient and accurate counting of votes.



If creditors or their representatives do wish to vote in person, the Chairperson will ask each individual creditor present for their vote individually. Creditors are asked to remain silent whilst the poll is conducted unless prompted by the Chairperson.

10. Further information and contact details

Should creditors have any further information that may assist us in our investigation or require further information in regard to this matter, please contact Lachlan Minogue of this office on telephone number (02) 9210 1706 or via email at lminogue@wexted.com.

DATED this 24th day of July 2020.

A.C.N. 003 682 693 Pty Limited (In Liquidation)

Joseph Hayes
Joint and Several Liquidator

Andrew McCabe
Joint and Several Liquidator





Appendix A: Remuneration Approval Report

1. Declaration

We, Joseph Hayes and Andrew McCabe have undertaken a proper assessment of this remuneration claim for our appointment as Joint and Several Liquidators of A.C.N. 003 682 693 Pty Limited (In Liquidation) (Formerly Object Consulting Pty Limited) 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.

2. Executive Summary

To date, the Creditors have approved \$314,013 (excl. GST) remuneration in the Liquidation. The Liquidators have drawn this amount in full relating to the period from appointment (25 September 2019) to 30 June 2020.

This remuneration report details approval sought for the following fees:

Current remuneration approval sought:	Reference	Amount (excl. GST)
Liquidators fees		
Resolution 1 <i>"That the remuneration of the Joint and Several Liquidators for the period from 1 July 2020 to 17 July 2020, calculated on hours spent by the Joint and Several Liquidators, their partners and their staff, at the hourly rates detailed in the schedule of rates forming part of the Initial Remuneration Notice provided to creditors, be approved in the amount of \$15,000.00 (exclusive of GST), and that the Joint and Several Liquidators can draw the remuneration immediately or as required."</i>	3.1	\$15,000.00
Resolution 2 <i>"That the remuneration of the Joint and Several Liquidators for the period from 18 July 2020 to 12 August 2020, calculated on hours spent by the Joint and Several Liquidators, their partners and their staff, at the hourly rates detailed in the schedule of rates forming part of the Initial Remuneration Notice provided to creditors, be approved in the amount of \$10,000.00 (exclusive of GST), and that the Joint and Several Liquidators can draw the remuneration immediately or as required."</i>	3.2	\$10,000.00



Current remuneration approval sought:	Reference	Amount (excl. GST)
Resolution 3 <i>“That the remuneration of the Joint and Several Liquidators for the period from 13 August 2020 to 12 November 2020, calculated on hours spent by the Joint and Several Liquidators, their partners and their staff, at the hourly rates detailed in the schedule of rates forming part of the Initial Remuneration Notice provided to creditors, be approved in the amount of \$75,000.00 (exclusive of GST), and that the Joint and Several Liquidators can draw the remuneration on a monthly basis.”</i>	3.3	\$75,000.00
Total - Liquidators Remuneration		\$100,000.00

Please refer to report section references detailed above for full details of the calculation and composition of the remuneration approval sought.

3. Description of work completed / to be completed

3.1 Resolution 1 – Liquidators’ accrued remuneration

“That the remuneration of the Joint and Several Liquidators for the period from 1 July 2020 to 17 July 2020, calculated on hours spent by the Joint and Several Liquidators, their partners and their staff, at the hourly rates detailed in the schedule of rates forming part of the Initial Remuneration Notice provided to creditors, be approved in the amount of \$15,000.00 (exclusive of GST), and that the Joint and Several Liquidators can draw the remuneration immediately or as required.”

Company: A.C.N. 003 682 693 Pty Limited (In Liquidation) (Formerly Object Consulting Pty Limited)

Period from: 1 July 2020

Period to: 17 July 2020

Practitioner(s): Joseph Hayes and Andrew McCabe

Liquidation Type: Liquidation

Firm: Wexted Advisors

Task Area	General Description	Includes
Assets 10.3 Hours \$2,739.00 (excl. GST)	Sale of Business as a Going Concern	Finalising matters under the asset sale agreement Requesting further documentation from DWS to assist in fulfilling duties as liquidators Liaising with solicitors regarding status of Eaton Square litigation Internal discussions regarding status of Eaton Square litigation



Task Area	General Description	Includes
		Liaising with solicitors regarding making settlement offer to Eaton Square
	Debtors	Reviewing and assessing debtor ledgers Issuing demand letters to debtors
Creditors 14.4 Hours \$5,390.00 (excl. GST)	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
	Creditor reports	Preparing and issuing Further Report to Creditors
	Secured creditor reporting	Preparing reports to secured creditor Responding to secured creditors' queries
Dividend 15.5 Hours \$2,799.00 (excl. GST)	Processing proofs of debt (POD)	Maintain POD register Adjudicating PODs Requesting further information from claimants regarding PODs
	Dividend Procedures	Preparation of dividend calculation Preparation of distribution
Employees 12.8 Hours \$3,411.50 (excl. GST)	Employees enquiry	Receive and follow up employee enquiries via telephone Review and prepare correspondence to creditors and their representatives via facsimile, email and post
	Calculation of entitlements	Reviewing employee files and company's books and records
	Fair Entitlements Guarantee	Correspondence with FEG
	Employee dividend	Correspondence with employees regarding dividend Correspondence with ATO regarding SGC proof of debt
	Other employee issues	Correspondence with Child Support
Trade On 3.5 Hours \$690.06 (excl. GST)	Trade on management	Preparing and authorising receipt vouchers Preparing and authorising payment vouchers Liaising with OSR regarding payroll tax issues
	Processing receipts and payments	Entering receipts and payments into accounting system
Investigation 47.9 Hours \$10,642.06 (excl. GST)	Conducting investigation	Reviewing company's books and records Review of specific transactions and liaising with directors regarding certain transactions Investigation into possible insolvent trading / breach of directors' duties Internal meetings to discuss status of investigations
	Litigation / Recoveries	Internal meetings to discuss status of preference claims Preparing briefs to solicitors Liaising with solicitors regarding recovery actions



Task Area	General Description	Includes
Administration 16.9 Hours \$5,086.00 (excl. GST)	Document maintenance / file review / checklist	Filing of documents File reviews Updating checklists
	Correspondence	Correspondence with various parties and maintaining file notes
	Insurance	Reviewing insurance policies
	Bank account administration	Bank account reconciliations Correspondence with bank regarding specific transfers
	ASIC Forms and lodgements	Preparing and lodging ASIC form 5011
	ATO & other statutory reporting	Preparing BAS
	Planning/review	Discussions regarding status of Liquidation
Total: \$30,757.62 (excl. GST) Total Hours: 121.3		

3.2 Resolution 2 – Liquidators’ accrued remuneration

“That the remuneration of the Joint and Several Liquidators for the period from 18 July 2020 to 12 August 2020, calculated on hours spent by the Joint and Several Liquidators, their partners and their staff, at the hourly rates detailed in the schedule of rates forming part of the Initial Remuneration Notice provided to creditors, be approved in the amount of \$10,000.00 (exclusive of GST), and that the Joint and Several Liquidators can draw the remuneration immediately or as required.”

Company: A.C.N. 003 682 693 Pty Limited (In Liquidation) (Formerly Object Consulting Pty Limited)

Period from: 18 July 2020

Period to: 12 August 2020

Practitioner(s): Joseph Hayes and Andrew McCabe

Liquidation Type: Liquidation

Firm: Wexted Advisors

Task Area	General Description	Includes
Assets \$500.00 (excl. GST)	Sale of Business as a Going Concern	Liaising with DWS regarding further documentation to assist in fulfilling duties as liquidators Liaising with solicitors regarding status of Eaton Square litigation Internal discussions regarding status of Eaton Square litigation
	Debtors	Assessing remaining debtors



Task Area	General Description	Includes
Creditors \$3,000.00 (excl. GST)	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
	Creditor reports	Preparing and issuing Further Report to Creditors
	Secured creditor reporting	Preparing reports to secured creditor Responding to secured creditors' queries
	Dealing with proofs of debt	Receipting and filing POD when not related to a dividend Corresponding with OSR and ATO regarding POD when not related to a dividend
	Meeting of Creditors	Preparation of meeting notices, proxies and advertisements Forward notice of meeting to all known creditors Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting. Discussions with creditors following creditors meeting. Preparation and lodgement minutes of meetings with ASIC.
Employees \$5,000.00 (excl. GST)	Employees enquiry	Receive and follow up employee enquiries via telephone Maintain employee enquiry register Review and prepare correspondence to creditors and their representatives via facsimile, email and post
	Fair Entitlements Guarantee	Correspondence with FEG
	Employee dividend	Correspondence with employees regarding dividend Correspondence with ATO regarding SGC proof of debt Receipting Proofs of Debt Adjudicating Proofs of Debt Preparing dividend file Preparing distribution Preparing correspondence to employees regarding Declaration of Dividend Preparing Rejection Notices
Investigation \$1,000.00 (excl. GST)	Conducting investigation	Review of specific transactions and liaising with directors regarding certain transactions Investigation into possible insolvent trading/breach of directors' duties
	Litigation / Recoveries	Internal meetings to discuss status of litigation Preparing briefs to solicitors Liaising with solicitors regarding recovery actions



Task Area	General Description	Includes
Administration \$500.00 (excl. GST)	Document maintenance / file review / checklist	Updating checklists
	Correspondence	Correspondence with various parties and maintaining file notes
	Bank account administration	Preparing bank reconciliations
	Planning/review	Discussions regarding status of Liquidation
Total: \$10,000.00 (excl. GST)		

3.3 Resolution 3 – Liquidators’ future remuneration

“That the remuneration of the Joint and Several Liquidators for the period from 13 August 2020 to 12 November 2020, calculated on hours spent by the Joint and Several Liquidators, their partners and their staff, at the hourly rates detailed in the schedule of rates forming part of the Initial Remuneration Notice provided to creditors, be approved in the amount of \$75,000.00 (exclusive of GST), and that the Joint and Several Liquidators can draw the remuneration on a monthly basis.”

Company: A.C.N. 003 682 693 Pty Limited (In Liquidation) (Formerly Object Consulting Pty Limited)

Period from: 13 August 2020

Period to: 12 November 2020

Practitioner(s): Joseph Hayes and Andrew McCabe

Liquidation Type: Liquidation

Firm: Wexted Advisors

Task Area	General Description	Includes
Assets \$15,000.00 (excl. GST)	Sale of Business as a Going Concern	Liaising with purchaser and other relevant parties to finalise post-completion matters Finalising matters under the asset sale agreement Liaising with solicitors regarding status of Eaton Square litigation Internal discussions regarding status of Eaton Square litigation
	Debtors	Reviewing and assessing debtor ledgers Liaising with debtors Liaising with solicitors/debt collectors regarding recovery actions
Creditors \$12,000.00 (excl. GST)	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



Task Area	General Description	Includes
		post
	Creditor reports	Preparing and issuing Further Report to Creditors
	Secured creditor reporting	Preparing reports to secured creditor Responding to secured creditors' queries
	Dealing with proofs of debt	Receipting and filing POD when not related to a dividend Corresponding with OSR and ATO regarding POD when not related to a dividend
Employees \$10,000.00 (excl. GST)	Employees enquiry	Receive and follow up employee enquiries via telephone Maintain employee enquiry register Review and prepare correspondence to creditors and their representatives via facsimile, email and post Receive and prepare correspondence in response to employee's objections to leave entitlements
	Fair Entitlements Guarantee	Correspondence with FEG
	Employee dividend	Correspondence with employees regarding dividend Correspondence with ATO regarding SGC proof of debt Receipting Proofs of Debt Adjudicating Proofs of Debt Preparing dividend file Advertising dividend notice Preparing distribution Ensuring PAYG is remitted to ATO
Investigation \$30,000.00 (excl. GST)	Conducting investigation	Reviewing company's books and records Conducting and summarising statutory searches Review of specific transactions and liaising with directors regarding certain transactions Preparation of investigation file Investigation into possible insolvent trading/breach of directors' duties Internal meeting to discuss status of investigations
	Examinations	Preparing briefs to solicitors Liaising with solicitors regarding examinations Preparing for examinations
	Litigation / Recoveries	Internal meetings to discuss status of litigation Preparing briefs to solicitors Liaising with solicitors regarding recovery actions Attending to negotiations



Task Area	General Description	Includes
		Attending to settlement matters
Administration \$8,000.00 (excl. GST)	Document maintenance / file review / checklist	Filing of documents File reviews Updating checklists Administration reviews
	Correspondence	Correspondence with various parties and maintaining file notes
	Insurance	Correspondence with insurance specialist ongoing insurance requirements Reviewing insurance policies
	Bank account administration	Correspondence with bank regarding specific transfers
	ASIC Forms and lodgements	Preparing and lodging ASIC forms including 5011, 5062 etc Correspondence with ASIC regarding statutory forms
	ATO & other statutory reporting	Preparing BAS Liaising with ATO
	Books and records / storage	Dealing with records in storage Sending job files to storage
	Planning/review	Discussions regarding status of Liquidation
Total: \$75,000.00 (excl. GST)		

4. Remuneration Reconciliation

At the creditors meeting held 12 June 2020, creditors approved the liquidator's future remuneration for the period 18 May 2020 to 18 August 2020 to an amount of \$75,000. This amount was incurred and drawn as at 30 June 2020. As our remuneration has exceeded our initial fee estimate, we are now seeking approval of a further amount of \$15,000 for the period 1 July 2020 to 17 July 2020 and \$10,000 for from 18 July 2020 fees incurred up to the meeting of creditors on 12 August 2020.

We will also seek a further \$75,000 approval for the period 13 August 2020 to 12 November 2020 to enable us to progress the liquidation. In the following table we compare, on a task basis, our estimate from our report dated 22 May 2020 to our actual costs at 17 July 2020 and provide an explanation for the discrepancy.

We have calculated the estimated costs per task for the \$75,000 approved at the meeting on 12 June 2020 on a pro-rata basis using the estimated costs for the approval sought of \$200,000.

At the 12 June 2020 meeting, creditors requested the Liquidators seek remuneration approval for lower amounts over shorter periods. We note this is likely to result in additional reports being prepared and meetings being convened, which is expected to dilute the return to priority creditors. However, we propose to seek fee approval s over shorter periods as recommended by creditors.



Task	Previous Approval 18-May-20 to 18-August-20	Fees Incurred 18-May-20 to 17-July-20 net of write-off	Difference	Reasons for difference
Assets	7,500	8,053	553	Difference immaterial.
Creditors	3,750	32,423	28,673	We significantly underestimated the time that would be incurred in liaising and meeting with creditors including the secured creditors PFG and AraCapital, the ATO, FEG and other unsecured creditors. We also underestimated the time that would be incurred in finalising our Report to Creditors dated 22 May 2020 and preparing for the creditors meeting held 122 June 2020.
Employees & Dividend	15,000	14,146	(854)	Difference immaterial.
Trade On	3,750	2,946	(804)	Difference immaterial.
Investigation	41,250	22,279	(18,971)	The focus of the period has been on liaising with creditors and distributing the priority dividend. We expect further fees will be incurred in progressing investigations in relation to the directors conduct over the next fee approval period 13 August 2020 to 12 November 2020.
Administration	3,750	10,153	6,403	We underestimated the time that would be incurred in discharging our statutory obligations including but not limited to the preparation of the June 2020 Quarter BAS and relevant bank reconciliations. We have also incurred additional time in strategic planning and project management of the Liquidation due to the unexpected shorter timeframe between creditors meetings.
Total	75,000	90,000	15,000	



5. Calculation of Remuneration

Remuneration for hours incurred for the period from 18 May 2020 to 17 July 2020																
Employee	Position	\$/hour (exc GST)	Total actual hours	Total (\$)	Task area											
					Assets hrs	Creditors hrs	Employees hrs	Trade On hrs	Investigations hrs	Dividend hrs	Admin hrs					
Andrew McCabe	Partner	600	17.9	10,740.00	0.8	480.00	9.7	5,820.00	0.4	240.00	3.9	2,340.00	-	-	2.7	1,620.00
Joe Hayes	Partner	600	23.0	13,800.00	-	-	6.0	3,600.00	-	-	-	-	-	-	17.0	10,200.00
James Le Messurier	Manager	430	65.1	27,993.00	5.5	2,365.00	33.7	14,491.00	7.9	3,397.00	11.8	5,074.00	-	-	5.1	2,193.00
Thomas Gilbert	Senior Analyst	315	72.3	22,774.50	2.4	756.00	54.6	17,199.00	3.6	1,134.00	7.0	2,205.00	0.4	126.00	3.7	1,165.50
Patrick Skippen	Senior Analyst	315	12.5	3,937.50	-	-	1.0	315.00	-	-	8.8	2,772.00	-	-	2.2	693.00
Lachlan Minogue	Junior Analyst	210	93.4	19,614.00	3.7	777.00	50.5	10,605.00	28.0	5,880.00	1.0	210.00	0.7	147.00	9.4	1,974.00
Angus Malouf	Junior Analyst	210	31.8	6,678.00	17.5	3,675.00	5.2	1,092.00	-	-	6.1	1,281.00	1.3	273.00	1.3	273.00
James Low	Undergraduate	180	98.2	17,676.00	-	-	14.0	2,520.00	-	-	1.6	288.00	17.5	3,150.00	11.3	2,034.00
Subtotal (exc GST)			414.2	123,213.00	29.9	8,053.00	174.7	55,642.00	39.9	10,651.00	11.80	2,943.50	86.3	22,285.00	18.90	3,486.00
GST				12,321.30												
Total remuneration (inc GST)				135,534.30												
Average hourly rate (exc GST)				297			269	319	267	249	258	184	382			



6. Likely Impact on Dividends

The Liquidators are seeking to have their remuneration approved by creditors under section 60-10 of the Insolvency Practice Schedule (Corporations). The proposed resolutions outline the terms for that approval. This Remuneration Report provides detail of the Liquidators proposed remuneration.

Liquidators remuneration is paid in priority to unsecured creditors in accordance with the priorities provided by section 556 of the Act. If the proposed resolutions are passed it will allow the Liquidators to draw their fees from the funds either presently held or funds recovered in the future. This may reduce the pool of funds available for distribution to unsecured creditors.

The passing of the proposed resolutions will also allow for further work to be performed in the external Liquidation, possibly resulting in further recoveries to be made or identified for the benefit of creditors.

7. Statement of Remuneration Claim

7.1 Resolution 1

“That the remuneration of the Joint and Several Liquidators for the period from 1 July 2020 to 17 July 2020, calculated on hours spent by the Joint and Several Liquidators, their partners and their staff, at the hourly rates detailed in the schedule of rates forming part of the Initial Remuneration Notice provided to creditors, be approved in the amount of \$15,000.00 (exclusive of GST), and that the Joint and Several Liquidators can draw the remuneration immediately or as required.”

7.2 Resolution 2

“That the remuneration of the Joint and Several Liquidators for the period from 18 July 2020 to 12 August 2020, calculated on hours spent by the Joint and Several Liquidators, their partners and their staff, at the hourly rates detailed in the schedule of rates forming part of the Initial Remuneration Notice provided to creditors, be approved in the amount of \$10,000.00 (exclusive of GST), and that the Joint and Several Liquidators can draw the remuneration immediately or as required.”

7.3 Resolution 3

“That the remuneration of the Joint and Several Liquidators for the period from 13 August 2020 to 12 November 2020, calculated on hours spent by the Joint and Several Liquidators, their partners and their staff, at the hourly rates detailed in the schedule of rates forming part of the Initial Remuneration Notice provided to creditors, be approved in the amount of \$75,000.00 (exclusive of GST), and that the Joint and Several Liquidators can draw the remuneration on a monthly basis.”

8. **Remuneration recoverable from external sources** - Not applicable.

9. **Disbursements** - Not applicable.

10. Report on Progress of the Administration

Please refer to the Liquidators report to creditors dated 24 July 2020.

11. Summary of Receipts and Payments

Please refer to the Liquidators report to creditors dated 24 July 2020.



12. Queries

Creditors have the right to request further information from the external administrator if they wish to do so. Please contact Lachlan Minogue of this office on (02) 9210 1706 or at lminogue@wexted.com.

13. Information Sheet

The remuneration sheet guide "Approving Fees Guide to Creditors" can be accessed from the ASIC website.



Appendix B: Notice of Meeting of Creditors

CORPORATIONS ACT 2001

*Insolvency Practice Rules (Corporations) 2016
section 75-15*

NOTICE OF MEETING OF CREDITORS A.C.N. 003 582 693 PTY LIMITED (IN LIQUIDATION) (FORMERLY OBJECT CONSULTING PTY LIMITED) (THE COMPANY)

NOTICE is hereby given that a meeting of the creditors of the Company will be held at the offices of Wexted Advisors, Level 12, 28 O'Connell Street, Sydney NSW 2000 on 12 August 2020 at 10:00am.

For the convenience of creditors during the Coronavirus (COVID-19) pandemic this meeting will also be accessible via teleconference (as set out below). Those wishing to attend via teleconference will be taken as present for the purposes of a quorum and voting. Please see below for specific details regarding attendance and voting at the creditors meeting.

AGENDA

1. To provide creditors with an update on the progress and conduct of the liquidation.
2. To seek creditors' approval of the Joint and Several Liquidators remuneration.
3. To consider any other business that may be lawfully brought forward

Attendance at this meeting is not compulsory. Creditors may attend and vote in person, by proxy, or by attorney. The appointment of a proxy must be in the approved form.

A special proxy can be lodged showing approval or rejection of each resolution. Proxy forms must be lodged with our office by 4.00pm two business days prior to the meeting. An attorney of the creditor must show the instrument by which he or she is appointed to the Chairperson of the meeting, prior to the commencement of the meeting.

SPECIAL COVID-19 ARRANGEMENTS

Attendance

Telephone facilities will be available at the meeting. Please note under Insolvency Practice Rules (Corporations) section 75-35 if you wish to participate in the meeting using such facilities you must give to the convener not later than 4:00pm on 11 August 2020 a written statement setting out:

- (i) the name of the person and of the proxy or attorney (if any);
- (ii) an address to which notices to the person, proxy or attorney may be sent; and
- (iii) a method by which the person, proxy or attorney may be contacted for the purposes of the meeting.

Due to the COVID-19 restrictions, we encourage all creditors, where possible, to attend via telephone or by proxy. On 11 August 2020, an invitation to join the meeting will be circulated to all creditors who indicate their intention to attend via videoconference per the requirements as outlined above.

Please direct all teleconference requests to Lachlan Minogue at lminogue@wexted.com.

Asking Questions

All creditors attending the meeting will be asked to hold their questions until prompted by the Chairperson. When addressing the meeting the creditor / proxy must state the creditor name, the proxy holder (if applicable) and the admitted proof of debt amount prior to asking their question(s).

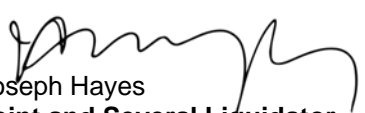
Voting

Each resolution will be decided on a poll. We encourage all creditors to vote via special proxy prior to the meeting to enable the efficient and accurate counting of votes.

If creditors or their representatives do wish to vote in person, the Chairperson will ask each individual creditor present for their vote individually. Creditors are asked to remain silent whilst the poll is conducted unless prompted by the Chairperson.

DATED this 24th day of July 2020.

A.C.N. 003 582 693 Pty Limited (In Liquidation)



Joseph Hayes

Joint and Several Liquidator



Andrew McCabe

Joint and Several Liquidator

***Voting at a Meeting the effect of Insolvency Practice Rules (Corporations) section 75-85:**

Entitlement to vote at meetings of creditors

- (1) A person other than a creditor (or the creditor's proxy or attorney) is not entitled to vote at a meeting of creditors.
- (2) Subject to subsections (3), (4) and (5), each creditor is entitled to vote and has one vote.
- (3) A person is not entitled to vote as a creditor at a meeting of creditors unless:
 - (a) his or her debt or claim has been admitted wholly or in part by the external administrator; or
 - (b) he or she has lodged, with the person presiding at the meeting, or with the person named in the notice convening the meeting as the person who may receive particulars of the debt or claim:
 - (i) those particulars; or
 - (ii) if required—a formal proof of the debt or claim.
- (4) A creditor must not vote in respect of:
 - (a) an unliquidated debt; or
 - (b) a contingent debt; or
 - (c) an unliquidated or a contingent claim; or
 - (d) a debt the value of which is not established;unless a just estimate of its value has been made.
- (5) A creditor must not vote in respect of a debt or a claim on or secured by a bill of exchange, a promissory note or any other negotiable instrument or security held by the creditor unless he or she is willing to do the following:
 - (a) treat the liability to him or her on the instrument or security of a person covered by subsection (6) as a security in his or her hands;
 - (b) estimate its value;
 - (c) for the purposes of voting (but not for the purposes of dividend), to deduct it from his or her debt or claim.
- (6) A person is covered by this subsection if:
 - (a) the person's liability is a debt or a claim on, or secured by, a bill of exchange, a promissory note or any other negotiable instrument or security held by the creditor; and
 - (b) the person is either liable to the company directly, or may be liable to the company on the default of another person with respect to the liability; and
 - (c) the person is not an insolvent under administration or a person against whom a winding up order is in force.

Appendix C: Proxy form

APPOINTMENT OF PROXY CREDITORS MEETING

CORPORATIONS ACT 2001
Insolvency Practice Rules (Corporations)
75-25 & 75-150

A.C.N 003 682 693 PTY LIMITED (IN LIQUIDATION)
(FORMERLY OBJECT CONSULTING PTY LIMITED)
A.C.N. 003 682 693 ("the Company")

*I/*We ⁽¹⁾	
Of	
being a creditor of the Company, appoint ⁽²⁾ or in his or her absence	
to vote for me/us on my/our behalf at the meeting of creditors to be held on 12 August 2020, or at any adjournment of that meeting.	

Please mark any boxes with an X

Proxy Type: General Special

	For	Against	Abstain
<p>Resolution 1 – To consider and if thought fit, approve the Liquidators remuneration from 1 July 2020 to 17 July 2020</p> <p><i>“That the remuneration of the Joint and Several Liquidators for the period from 1 July 2020 to 17 July 2020, calculated on hours spent by the Joint and Several Liquidators, their partners and their staff, at the hourly rates detailed in the schedule of rates forming part of the Initial Remuneration Notice provided to creditors, be approved in the amount of \$15,000.00 (exclusive of GST), and that the Joint and Several Liquidators can draw the remuneration immediately or as required.”</i></p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>Resolution 2 – To consider and if thought fit, approve the Liquidators remuneration from 18 July 2020 to 12 August 2020</p> <p><i>“That the remuneration of the Joint and Several Liquidators for the period from 18 July 2020 to 12 August 2020, calculated on hours spent by the Joint and Several Liquidators, their partners and their staff, at the hourly rates detailed in the schedule of rates forming part of the Initial Remuneration Notice provided to creditors, be approved in the amount of \$10,000.00 (exclusive of GST), and that the Joint and Several Liquidators can draw the remuneration immediately or as required.”</i></p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	For	Against	Abstain
<p>Resolution 3 – To consider and if thought fit, approve the Liquidators future remuneration from 13 August 2020 to 12 November 2020</p> <p><i>“That the remuneration of the Joint and Several Liquidators for the period from 13 August 2020 to 12 November 2020, calculated on hours spent by the Joint and Several Liquidators, their partners and their staff, at the hourly rates detailed in the schedule of rates forming part of the Initial Remuneration Notice provided to creditors, be approved in the amount of \$75,000.00 (exclusive of GST), and that the Joint and Several Liquidators can draw the remuneration on a monthly basis.”</i></p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

DATED this _____ day of _____ 2020.

Signature

CERTIFICATE OF WITNESS

This certificate is to be completed only if the person giving the proxy is blind or incapable of writing. The signature of the creditor, contributory, debenture holder or member must not be witnessed by the person nominated as proxy.

I, of

certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person appointing the proxy and read to him or her before he or she signed or marked the instrument.

Dated:

Signature of Witness:

Description:

Place of Residence:

* Strike out if inapplicable

- (1) If a firm, strike out "I" and set out the full name of the firm.
- (2) Insert the name, address and description of the person appointed

Appendix D

FORM 535
CORPORATIONS ACT 2001

ACN 003 682 693

Subregulation 5.6.49(2)

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

1. To the Joint and Several Liquidators of ACN 003 682 693 Pty Ltd (In Liquidation) (formerly Object Consulting Pty Ltd)
This is to state that the company was, on 21 August 2019 ⁽¹⁾ and still is, justly and truly indebted to⁽²⁾ (full name):

.....
(‘Creditor’)

.....
of (full address)

for \$ dollars and cents.

Particulars of the debt are:

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:

If the form is being used for the purpose of voting at a meeting:

Is the debt you are claiming assigned to you?

No Yes

If **yes**, attach written evidence of the debt, the assignment and consideration given.

Attached

If **yes**, what value of consideration did you give for the assignment (eg, what amount did you pay \$
for the debt?)

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 2020

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 ROCAP	\$	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.