

7 March 2018

**Sfopps Pty Ltd (In Liquidation)**  
**ACN 606 027 990 (the "Company")**

**Annual Report to Creditors**

The Company was placed into liquidation on 8 December 2016.

At a meeting of the Company's creditors held on Thursday, 10 August 2017, Mr Ross Blakeley and I ("**Liquidators**") replaced the Former Liquidators of the Company, Mr William Robson and Mr Bill Cotter of Robson Cotter Insolvency Group ("**Former Liquidators**").

Pursuant to Sections 1603 and 508(2) of the Corporations Act 2001 ("**Act**"), the Liquidators are required to prepare a report setting out the Liquidators' acts and dealings and the conduct of the winding up.

This report should be read in conjunction with the Circular to Creditors dated 18 August 2017 and Statutory Report to Creditors dated 8 December 2017.

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I set out below a report on the conduct of the liquidation under the following headings:

1. Statutory Information and Reasons for Failure
2. Financial Position of the Company
3. Asset Realisations
4. Investigations
5. Creditor Indemnity Funding
6. Statement of Receipts and Payments
7. Likelihood of a Dividend to Creditors
8. Way forward
9. Conclusion

## 1. Statutory Information and Reasons for Failure

According to the records held at the Australian Securities and Investments Commission ("ASIC"):

- (i) the Company was incorporated on 25 May 2015;
- (ii) the sole director and shareholder at the time of incorporation was Ms Theresa Spits;
- (iii) Ms Spits resigned as director of the Company on 1 September 2016;
- (iv) Ms Lisa Baker was appointed director in place of Ms Spits on 1 September 2016; and
- (v) Ms Spits transferred her shareholding to Ms Lisa Baker on 1 September 2016.

As previously advised, the Liquidators have held one meeting with Ms Spits on 20 October 2017. Ms Spits advised the following reasons for the Company's failure:

- (i) The Company previously operated in the construction industry and engaged contractors for and on behalf of a related entity, Imagebuild Group Pty Ltd (In Liquidation) ("IBG");
- (ii) The Company's role was to manage the subcontractors engaged to complete developments of IBG; and
- (iii) The Company's failure was a result of a dispute with one of its subcontractors that delayed the completion of a project. This also affected the Company's reputation and in turn, its relationships with other subcontractors.

Ms Spits advised that she is not in possession of the books and records of the Company. Thus the Liquidators have not received sufficient documentary evidence to confirm the above statements. Of specific note, no contract between IBG and Sfopps has been sighted.

## 2. Financial Position of the Company

The Report as to Affairs ("RATA") submitted by Ms Baker to the Former Liquidators did not disclose any realisable assets and stated the Company had \$2.5 million of unsecured creditors. The RATA did not include a list of the unsecured creditors of the Company.

Ms Baker has been unresponsive to the Liquidators' correspondence to date. The Liquidators have received information suggesting that Ms Baker had no involvement with the Company.

Ms Spits advised that upon her resignation, the only assets of the Company comprised of sundry office equipment, however, she asserts this was taken by subcontractors in lieu of not receiving payment from the Company.

To date, the Liquidators have identified 38 potential creditors with a total claim of approximately \$2.7 million. The Liquidators note that certain creditors have advised that they may alternatively be creditors of IBG. Thus, further investigations are required to establish the existence, quantum and veracity of creditor claims.

The Liquidators have also received a claim from IBG in the amount of \$24,706,421. The basis of this emulates from an ATO Amended Assessment dated 16 May 2016 which disallowed GST input credits claimed by IBG relating to services purportedly provided by the Company.

The Liquidators will assess this and all other claims in due course, together with any potential assets.

### **3. Asset Realisation**

No assets have been identified to date.

### **4. Investigations**

In addition to establishing potential assets and liabilities, part of the Liquidators' role is to establish possible offences committed by the Director, Former Director and/or Company under the Act and report these findings to the ASIC.

The Liquidators are also required to conduct investigations into the Company's affairs to identify possible voidable transactions and determine whether the Company traded whilst insolvent.

The results of our initial investigations to date are outlined below.

#### **4.1 Adequacy of book and records**

Section 286 of the Act requires a company to keep written financial records that correctly record and explain its transactions, financial position and performance, to enable true and fair financial statements to be prepared and audited. Financial records must be kept for seven years after the completion of the transaction to which the records pertain.

To date, the only Company books and records recovered by the Liquidators comprise:

- (i) Two folders of creditor invoices that were provided by the Former Liquidators; and
- (ii) A MYOB accounting file in the name of the Company, however, it appears the MYOB file may be a copy of IBG's accounts.

Given the asserted operations of the business, the current records received would be considered inadequate and has not complied with its obligations pursuant to Section 286 of the Act.

#### 4.2 Report pursuant to Section 533 of the Act

On 26 May 2017, the Former Liquidators lodged a report pursuant to Section 533 of the Act to ASIC, detailing a number of suspected breaches of the Act by the Company's officers or the Company.

ASIC responded requesting that the Liquidators submit a supplementary report pursuant to Section 533(2) of the Act. This report is currently being prepared.

#### 4.3 Company's dealings with IBG and the ATO

As noted previously, the Liquidators have not received sufficient evidence substantiating the Company's operations and activities and specifically, have not been able to establish the true business relationship and nature of related party transactions involving IBG.

As detailed in the ATO Amended Assessment, the Company purportedly provided approximately \$24 million of taxable supplies to IBG in two months of operations. The assessment resulted in GST input credits totalling approximately \$2.2 million being claimed by IBG and subsequently disallowed by the ATO.

The Liquidators are continuing their investigations to determine the relationship between IBG and the Company, and the implications of the amended assessment against IBG on the Company.

#### 4.4 Voidable Transactions

##### Insolvent Trading - Section 588G of the Act

Pursuant to Section 588G of the Act, a director of a company has a duty to prevent a company from incurring debts whilst it is insolvent. Should a company incur such debts, a liquidator is entitled, pursuant to Section 588M of the Act, to commence proceedings against a current or former director to recover damages equivalent to the amount of the debts incurred during their directorship which remain unpaid by the company.

Given the limited assets identified to date and the potential number, quantum and aging of creditors, the Company may have traded whilst insolvent since inception.

Prior to commencing any action against the director or former director, it is necessary for the Liquidators to satisfy themselves that the Director/Formal Director has a capacity to pay any claim made against them. The Liquidators are continuing their investigations into the personal financial position of the Director and Former Director in that regard.

#### Uncommercial Transaction – Section 588FB of the Act

A transaction of a company is an uncommercial transaction of the company if, and only if, it may be expected that a reasonable person in the company's circumstances would not have entered into the transaction, having regard to:

- i. the benefits (if any) to the company of entering into the transaction; and
- ii. the detriment to the company of entering into the transaction; and
- iii. the respective benefits to other parties to the transaction of entering into it; and
- iv. any other relevant matter.

The Liquidators' investigations reveal the Company transferred funds totalling \$1,497,150 to IBG between the period 21 October 2015 to 11 March 2016. Ms Spits was unable to provide reasons why these payments were made.

The Liquidators consider such payments may constitute uncommercial transactions pursuant to Section 588FB of the Act, given no apparent benefit was received by the Company.

If the payments are considered uncommercial, the Liquidators will submit a claim to the liquidators of IBG. However, based on a report prepared by the liquidators of IBG dated 15 November 2017, it is likely that no dividends will be paid from that entity.

#### Preferential Payments – Section 588FA of the Act

Transactions (including a payment of money) between the Company and an unsecured creditor six (6) months prior to the relation back day may constitute an unfair preference payment if the company was insolvent at the time of the transaction and it is likely that the recipient (i.e. the creditor) received a greater repayment than they would have if the Company's affairs were wound up.

In this case, the relation back day is the date of the Former Liquidators appointment on 8 December 2016, with the relation back period being 8 June 2016 to 8 December 2016.

The Liquidators' investigations have identified that in the six months prior to the appointment of the Former Liquidators, payments totalling approximately \$400,000 were made which are potentially unfair preference payments.

The Liquidators investigations are continuing in this regard.

### **5. Creditor Indemnity Funding**

As the liquidation is currently unfunded, the Liquidators require indemnity funding in order to undertake further investigations into the affairs of the Company and potentially, pursue potential voidable transactions that have been identified. Any creditor that advances funds may, subject to Section 564 of the Act, receive a priority over the creditors of the Company, for the amount of that advance, if a successful recovery is obtained and a distribution is available.

As advised in the Statutory Report to Creditors dated 8 December 2017, the Liquidators have been in discussions with a creditor regarding the provision of funds on an indemnity basis.

The Liquidators are currently reviewing the terms of a Deed of Indemnity provided by this creditor, however no funds have been received from the creditor to date.

To enable the Liquidators to enter into the Deed of Indemnity, the Liquidators require the approval of creditors pursuant to Section 477(2B) of the Act. This section requires the Liquidators to obtain approval of creditors so that the Liquidators are able to enter into agreements on the Company's behalf extending beyond three (3) months.

Therefore, at the upcoming meeting of creditors the Liquidators will put forward the following resolution:

*"That pursuant to Sections 477(2B) of the Corporations Act 2001, the Liquidators be authorised to enter into an agreement extending beyond 3 months."*

Obtaining approval of this resolution will assist the Liquidators to enter into an agreement with any creditor to enter into an indemnity agreement.

#### **6. Liquidators' Remuneration and Internal Disbursements**

The Liquidators have necessarily incurred professional fees in the amount of \$66,890.50 (excluding GST) for the period 10 August 2017 to 4 March 2018. These fees primarily relate to:

- (i) Conducting initial investigation into the Company's affairs;
- (ii) Interviewing Ms Spits;
- (iii) Liaising with and responding to creditors;
- (iv) Corresponding and meeting with the Liquidators of IBG;
- (v) Corresponding and liaising with the Former Liquidators;
- (vi) Corresponding with the Liquidators of the Company's former accountants;
- (vii) Liaising and Corresponding with the Liquidators of the company's former business advisors;
- (viii) Reviewing the Former Liquidators' files and books and records of the company provided by them;
- (ix) Reviewing the Company's MYOB files;
- (x) Reviewing Company bank statements;
- (xi) Preparing a report to ASIC pursuant to section 533(?) of the Act;
- (xii) Conducting public searches;
- (xiii) Identifying and assessing voidable transactions;
- (xiv) Issuing to all known creditors the circular to creditors dated 18 August 2017 and the Statutory Report to Creditors dated 8 December 2017; and

- (xv) Prepare and submit formal notices to relevant parties pursuant to section 530B of the act to delve up records of the company to the Liquidators.

The Liquidators will seek approval from creditors for their current and future remuneration and internal disbursements, as summarised below:

- (i) Current remuneration of \$66,890.50 (excluding GST) for the period 10 August 2017 to 4 March 2018;
- (ii) Future remuneration in the interim amount of \$30,000 (excluding GST) for the period 5 March 2018; and
- (iii) Current and future internal disbursements from 10 August 2018 capped at \$1,000 (excluding GST).

Please refer to the enclosed Remuneration Report for further information regarding fees necessarily incurred for tasks undertaken by the Liquidators.

The impact of approving the Liquidators' remuneration and internal disbursements is that it will reduce the potential amount available to be distributed to creditors.

## **7. Receipts and Payments**

The only receipt in the liquidation to date is a transfer from the Company's pre-appointment bank account in the amount of \$593. No payments have been made in the liquidation.

## **8. Likelihood of a Dividend to Creditors**

The likelihood of a dividend is currently unknown and is dependent upon the successful recovery of voidable transactions outlined in section 4 of this report.

In the event that sufficient realisations or recoveries are made to enable a dividend to creditors, the Liquidators will provide a formal notice requesting creditors to submit a formal proof of debt to participate in the dividend.

## **9. Way Forward**

The Liquidators continue to investigate the Company's affairs.

The Liquidators intend entering into an indemnity agreement with a creditor which will assist the Liquidators' investigations going forward.

If any further creditors are willing to provide funds in relation to same, they are requested to put their proposal in writing to the Liquidators.

Creditors shall be updated of our investigations and actions in due course.

**10. Conclusion**

This report represents a summary of matters undertaken by the Liquidators for the period 10 August 2017 to 7 March 2018.

A further update on the progress of the liquidation will be provided to creditors in due course.

Should you have any queries in relation to this matter please contact Mr Andrew Clowes of this office.

Yours faithfully  
**Sfopps Pty Ltd**  
**(In Liquidation)**



**Paul Allen**  
**Liquidator**





# REMUNERATION REQUEST APPROVAL REPORT

**Sfopps Pty Ltd**  
**(In Liquidation)**  
ACN 606 027 990

7 March 2018

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### Part 1: Declaration

This report sets out the information that the *Corporations Act 2001* (“Act”), *Insolvency Practice Rules (Corporations) 2016* (“IPR”) and the *Code of Professional Practice* as published by the Australian Restructuring, Insolvency and Turnaround Association (“ARITA”) require creditors to receive before voting on resolutions with respect to our claim for remuneration and internal disbursements.

We have undertaken a proper assessment of the claim for remuneration and internal disbursements as detailed in this report arising from our appointment as Liquidators of Sfopps Pty Ltd (In Liquidation) 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 external administration (“administration”).

### Part 2: Executive Summary

To date, no remuneration has been approved and paid in this administration. This remuneration report details approval sought for the following fees:

Table 1: Remuneration for which approval is sought		
Period	Report Reference	Amount (excl. GST)
Resolution 1: 10 August 2017 to 4 March 2018 (inclusive)	Part 3 and 4	\$66,890.50
Resolution 2: From 5 March 2018 – interim amount	Part 5 and 6	\$30,000.00
<b>Estimated Total Remuneration</b>		<b>\$96,890.50</b>

This remuneration report also details approval sought for the following internal disbursements:

Table 2: Internal disbursements for which approval is sought		
Period	Report Reference	Amount (excl. GST)
Resolution 3: From 10 August 2017 to completion of the liquidation	Part 8	\$1,000.00

Please refer to the sections of the report detailed above for full details of the calculation and composition of the remuneration and internal disbursements for which approval is sought.

### Part 3: Description of Work Completed from 10 August 2017 to 4 March 2018

Table 3: Resolution 1 for work completed from 10 August 2017 to 4 March 2018					
Company	Sfopps Pty Ltd (In Liquidation) ACN 606 027 990	From	10 August 2017	To	4 March 2018
Practitioner	Paul Allen, Ross Blakeley	Firm	FTI Consulting		
Administration Type		Liquidation			
Task Area	General Description	Includes			
Creditors 30 hours \$13,675.00	Creditor Reports	<ul style="list-style-type: none"> <li>Preparing the first circular to creditors dated 18 August 2017.</li> <li>Preparing the Statutory Report by Liquidator to creditors dated 8 December 2017;</li> <li>Preparing the Liquidators' annual report;</li> <li>Preparing Remuneration Request Approval Report;</li> <li>Preparing notice of meeting forms;</li> <li>Forwarding reports and accompanying documents to all known creditors.</li> </ul>			
	Creditors' Enquires	<ul style="list-style-type: none"> <li>Attending to queries from creditors by phone, email and post.</li> <li>Reviewing various documentation from creditors regarding their claims;</li> <li>Discussing with creditors the details surrounding their involvement with the Company and IBG;</li> </ul>			
	Indemnity Funding	<ul style="list-style-type: none"> <li>Discussing potential funding with creditor;</li> <li>Discussing progress of the liquidation and providing next steps including quotes for ongoing investigations of the Liquidators; and</li> <li>Reviewing draft Deed of Indemnity.</li> </ul>			
Investigation 97.7 hours \$45,358.50	Former Liquidators	<ul style="list-style-type: none"> <li>Meeting with the Former Liquidator regarding the status of the liquidation and affairs of the Company;</li> <li>Collecting the Former Liquidators' files and reviewing same; and</li> <li>Corresponding with the Former Liquidators' office as necessary regarding the liquidation.</li> </ul>			
	Investigations into Assets	<ul style="list-style-type: none"> <li>Reviewing the fixed assets register in the Company's MYOB management accounts;</li> </ul>			

**Table 3: Resolution 1 for work completed from 10 August 2017 to 4 March 2018**

		<ul style="list-style-type: none"> <li>▪ Investigating vehicles purportedly owned by the related party Image Build Group Pty Ltd (“IBG”) and any claim the Company has against those vehicles;</li> <li>▪ Contacting Victoria Roads in respect to vehicles held in the Company’s name; and</li> <li>▪ Corresponding with the head contractors in respect to the status of the projects the Company was engaged on.</li> </ul>
	Conducting investigations into affairs of the Company	<ul style="list-style-type: none"> <li>▪ Preparing and sending initial correspondence to the Director and Former Director;</li> <li>▪ Interviewing the Former Director, Ms Theresa Spits;</li> <li>▪ Preparing correspondence to the Company’s accountant;</li> <li>▪ Preparing and sending follow up queries to the Former Director following the meeting with the Liquidators;</li> <li>▪ Collecting Company’s books and records forwarded from the Former Liquidator and reviewing same;</li> <li>▪ Investigating the background of the Company and its business;</li> <li>▪ Reviewing the Company’s MYOB management accounts;</li> <li>▪ Reviewing the Company’s bank account transactions;</li> <li>▪ Reviewing details of potential unfair preference claims identified;</li> <li>▪ Reviewing the Company’s previous correspondence to trade creditors regarding transfer of debts to IBG;</li> <li>▪ Reviewing the Company’s transactions with the ATO;</li> <li>▪ Reviewing the ATO’s amended assessment for the related entity of IBG and the involvement of the Company in respect to same; and</li> <li>▪ Preparing the investigations file.</li> </ul>
<b>Administration</b> <b>20.4 hours</b> <b>\$7,857.00</b>	Appointment	<ul style="list-style-type: none"> <li>▪ Advising third parties of appointment including Australian Taxation Office and State Revenue Office; and</li> <li>▪ Preparing the notice of appointment with ASIC and advertisement on the Insolvency Notices Website.</li> </ul>
	General	<ul style="list-style-type: none"> <li>▪ Word processing including correspondence, file notes, agendas and minutes; and</li> <li>▪ Care and maintenance of the file.</li> </ul>
	File review/checklist/document maintenance	<ul style="list-style-type: none"> <li>▪ Filing of documents;</li> <li>▪ Organising mail redirection with Australia Post; and</li> <li>▪ Updating checklists.</li> </ul>
	Insurance	<ul style="list-style-type: none"> <li>▪ Communicating with insurance broker concerning general insurance requirements.</li> </ul>

**Table 3: Resolution 1 for work completed from 10 August 2017 to 4 March 2018**

	Bank accounts	▪ Opening a liquidation general bank account.
	ASIC lodgements	▪ Preparation and lodgement of Form 505.

## Part 4: Calculation of Remuneration

### Resolution 1: Remuneration from 10 August 2017 to 4 March 2018 (inclusive)

**Table: Calculation of remuneration from 10 August 2017 to 4 March 2018**

Appointor/Position	Rate/hour (\$) (excl GST)	Hours	Total (\$) (excl GST)	Creditors		Investigation		Admi
				Hours	(\$)	Hours	(\$)	Hours
Ross Blakeley - Liquidator	625.00	4.9	3,062.50	-	-	1.3	812.50	3.0
Paul Allen - Liquidator	580.00	41.0	23,780.00	11.0	6,380.00	28.2	16,356.00	1.0
Senior Consultant II	440.00	73.9	32,516.00	12.9	5,676.00	58.1	25,564.00	2.0
Consultant I	315.00	0.8	252.00	0.6	189.00	-	-	0.0
Associate II	280.00	6.5	1,820.00	-	-	-	-	6.0
Associate I	260.00	21.0	5,460.00	5.5	1,430.00	10.1	2,626.00	5.0
<b>TOTAL</b>		<b>148.1</b>	<b>66,890.50</b>	<b>30.0</b>	<b>13,675.00</b>	<b>97.7</b>	<b>45,358.50</b>	<b>20.0</b>
GST			6,689.05					
<b>TOTAL (including GST)</b>			<b>73,579.55</b>					
Average hourly rate (excluding GST)			451.66		455.83		464.26	

## Part 5: Description of Work Completed from 5 March 2018

Table 5: Resolution 2 for work completed from 5 March 2018

Company	Sfopps Pty Ltd (In Liquidation) ACN 606 027 990	From	5 March 2018
Practitioner	Paul Allen, Ross Blakeley	Firm	FTI Consulting
Administration Type	Liquidation		
Task Area	General Description	Includes	
Creditors \$5,000 11.1 hours	Creditor enquiries	<ul style="list-style-type: none"> <li>▪ Attending to creditor enquiries; and</li> <li>▪ Responding to creditor enquiries by telephone, email, facsimile and post.</li> </ul>	
	Creditor Meetings	<ul style="list-style-type: none"> <li>▪ Sending circular of notice of meeting to creditors;</li> <li>▪ Attendance at annual meeting of creditors; and</li> <li>▪ Lodging minutes of annual general meeting of creditors.</li> </ul>	
	Annual Report	<ul style="list-style-type: none"> <li>▪ Preparing annual report to creditors.</li> <li>▪ Attending to queries from creditors in respect to the Liquidators' annual report.</li> </ul>	
Investigations \$20,000 44.4 hours	Potential Antecedent Transaction Recoveries and Insolvent Trading Claim	<ul style="list-style-type: none"> <li>▪ Analysing specific transactions warranting further investigation;</li> <li>▪ Investigate potential unfair preference payment claims and uncommercial transaction claims;</li> <li>▪ Reviewing the Company's records regarding potential claims;</li> <li>▪ Reviewing Company's electronic records in relation to potential claims;</li> <li>▪ Communications with directors, former directors and/or officers concerning company information; and</li> <li>▪ Assessing whether to pursue claim and proceeding with same.</li> </ul>	
	Public Examinations	<ul style="list-style-type: none"> <li>▪ Considering the merits of conducting public examinations;</li> <li>▪ Preparing a list of individuals to publicly examine and potential questions to ask/documents to summon;</li> </ul>	

**Table 5: Resolution 2 for work completed from 5 March 2018**

		<ul style="list-style-type: none"> <li>▪ Briefing the Liquidators' solicitors on the matter and in respect to conducting public examinations;</li> <li>▪ Discussing the process for serving summons on individuals; and</li> <li>▪ Preparing brief for solicitors and counsel regarding public examinations;</li> <li>▪ Attendance at public examinations;</li> <li>▪ Further investigations following evidence obtained during the public examination process.</li> </ul>
	Reporting to ASIC	<ul style="list-style-type: none"> <li>▪ Further investigating the Company's affairs and preparing the supplementary report pursuant to Section 533 of the Act with ASIC;</li> <li>▪ Requesting funding from ASIC if required; and</li> <li>▪ Communications with ASIC concerning investigations.</li> </ul>
<b>Administration</b> <b>\$5,000</b> <b>11.1 hours</b>	General correspondence & word processing	<ul style="list-style-type: none"> <li>▪ Receiving, reviewing and preparing general correspondence;</li> <li>▪ Word processing including correspondence, file notes, agendas and minutes; and</li> <li>▪ Care and maintenance of the file.</li> </ul>
	File review/checklist/document maintenance	<ul style="list-style-type: none"> <li>▪ Administration review;</li> <li>▪ Document filing and maintenance;</li> <li>▪ File reviews; and</li> <li>▪ Updating checklist.</li> </ul>
	Bank accounts	<ul style="list-style-type: none"> <li>▪ Bank account reconciliations;</li> <li>▪ Procuring and reviewing bank account statements; and</li> <li>▪ Communications concerning bank account transactions.</li> </ul>
	ASIC lodgements	<ul style="list-style-type: none"> <li>▪ Preparation of three month statutory report to ASIC and creditors;</li> <li>▪ Preparation and lodging necessary forms with ASIC; and</li> <li>▪ General communications with ASIC.</li> </ul>
	ATO lodgements	<ul style="list-style-type: none"> <li>▪ Preparation and submission of BAS.</li> </ul>



**Table 5: Resolution 2 for work completed from 5 March 2018**

	Planning review	<ul style="list-style-type: none"> <li>▪ Ad hoc meetings concerning the status of the administration.</li> </ul>
	Finalisation	<ul style="list-style-type: none"> <li>▪ Cancelling ABN/GST/PAYG registrations;</li> <li>▪ Completing finalisation statutory lodgments; and</li> <li>▪ Completing checklists.</li> </ul>

## **Resolution 2: Remuneration from 5 March 2018 (inclusive)**

This resolution is with respect to work that has not been carried out in full when this report was prepared. As such, it is not possible to provide a calculation of the remuneration for this period.

## **Part 6: Statement of Remuneration Claim**

The Act and IPR's requires our remuneration and internal disbursements to be determined before it can be drawn. The determination must be made by creditors via a Proposal without a Meeting, at a Meeting of Creditors, by a Committee of Creditors or Inspection or by the Court.

We ask creditors to determine our remuneration by passing the following resolutions at a meeting of creditors to be held on Thursday, 29 March 2018:

### **Resolution 1: Remuneration from 10 August 2017 to 4 March 2018 (inclusive)**

*" That the remuneration of the Liquidators of Sfopps Pty Ltd (In Liquidation) ACN 606 027 990 and staff for the period 10 August 2017 to 4 March 2018 (inclusive) be determined in accordance with the hourly rates applicable to the grades or classifications set out in the FTI Consulting Schedule of Standard Rates dated 1 March 2017 and time actually incurred up to the amount of \$66,890.50 plus GST and that the Liquidators be authorised to draw same".*

FTI Consulting Schedule of Corporate Rates issued 1 March 2017 appear at Schedule 1.

### **Resolution 2: Remuneration from 5 March 2018 (inclusive)**

*"That the future remuneration of the Liquidators of Sfopps Pty Ltd (In Liquidation) ACN 606 027 990 and staff for the period from 5 March 2018 (inclusive) be determined in accordance with the hourly rates applicable to the grades or classifications set out in the FTI Consulting Schedule of Standard Rates dated 1 March 2017 and time actually incurred up to the amount of \$30,000 plus GST and that the Liquidators be authorised to draw same".*

FTI Consulting Schedule of Corporate Rates issued 1 March 2017 appear at Schedule 1.

## **Part 7: Likely impact on Dividends**

The impact of approving the Liquidators' remuneration and internal disbursements is that it will reduce the potential amount available to be distributed to creditors in the final dividend.

## **Part 8: Disbursements**

### **Explanatory note on 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 Administration, 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.

We have undertaken a proper assessment of disbursements incurred during this administration in accordance with the law and applicable professional standards. We are satisfied that the disbursements incurred are necessary and proper.

Where amounts have been paid to my firm for externally provided services and costs, those payments are in reimbursement of costs previously paid by our firm, either due to a lack of funds in the administration at the time the payment was due, or the direct invoicing of our firm by the supplier. Where payments to third parties are paid directly from the administration bank account, they are only included in the accompanying Report to Creditors.

The following disbursements have been incurred by my firm for the period 10 August 2017 to 5 March 2018:

**Table: Disbursements**

Type	Rate	Disbursements to 5 March 2018 (\$)
<b>Category A - External Professional Fees</b>		
Total Disbursements - Category A		Nil
<b>Category B1 – External Non-Professional Fees</b>		
Search Fees	N/A	2,063.12
Postage	N/A	55.37
<b>Total Disbursements - Category B1</b>		<b>2,118.49</b>
<b>Category B2 – Internal Non-Professional Fees</b>		
Office Consumables		7.00
Internal Printing	0.5 / 1	173.50
<b>Total Disbursements - Category B2</b>		<b>180.50</b>
<b>Grand total (Excluding GST)</b>		<b>2,298.99</b>

Please note that creditor approval for external disbursements is not required. However external disbursements must be fully disclosed and a full explanation given to creditors. Creditors have the right to question the incurring of the external disbursements and can challenge external disbursements in Court.

Creditor approval is required for internal disbursements. We ask creditors to determine our internal disbursements by passing the following resolution at the upcoming meeting of creditors:

**Resolution 3: Internal disbursements for the period 10 August 2017 to conclusion of the Liquidation (inclusive)**

*“That the internal disbursements claimed by my firm from 10 August 2017, calculated at the rates detailed in the Remuneration Approval Notice, are approved up to a capped amount of \$1,000 exclusive of GST, and that the Liquidators can draw the disbursements from available funds as incurred or as funds become available”.*

Future internal disbursements provided by FTI Consulting will be charged to the administration on the following basis:

**Table 6: Future internal disbursements**

<b>Assets</b>	<b>Rate (excl. GST)</b>
Advertising and search fees	At cost
Couriers and deliveries	At cost
Postage	At cost
Printing and photocopying	Per Page \$0.50 (b/w) \$1.00 (colour)
Facsimile	Per Page \$1.50 (local) \$4.50 (international)
Storage of records (including boxes)	At cost
Staff Travel - mileage	Cents per km method (per ATO rates)

**Part 9: Report on Progress of the Administration**

The progress of the administration is detailed in the Liquidators’ annual report which accompanies this report.

**Part 10: Summary of Receipts and Payments**

The only receipt in the liquidation to date is a transfer from the Company’s pre-appointment bank account in the amount of \$593. No payments have been made in the liquidation.

If any large or exceptional receipts and payments are received or made after this report is prepared but before the meeting at which this claim for remuneration will be considered, additional information will be provided at the meeting.

## Part 11: Information Sheets on Remuneration Approval

ARITA has produced information sheets which can be downloaded from the ARITA web site [www.arita.com.au/creditors](http://www.arita.com.au/creditors). ASIC has also produced a series of information sheets about insolvency which includes "*Information Sheet 85 Approving Fees: A Guide for Creditors*". Those information sheets can be downloaded from the ASIC web site at [www.asic.gov.au](http://www.asic.gov.au) (search for "insolvency information sheets").

## Part 12: Queries

If you have any queries or require any further information concerning my claim for remuneration, please contact Mr Leigh Belot of this office.

Yours faithfully  
Sfopps Pty Ltd  
(In Liquidation)

A handwritten signature in blue ink, appearing to read 'P. Allen'.

Paul Allen  
Liquidator

### Schedule 1: Schedule of Rates

#### FTI Consulting Standard Rates effective 1 March 2017 (excluding GST)

Typical classification	All Offices \$/hour	General guide to classifications
Senior Managing Director	625	Registered/Official Liquidator and/or Trustee, with specialist skills and extensive experience in all forms of insolvency administrations. Alternatively, has proven leadership experience in business or industry, bringing specialist expertise and knowledge to the administration.
Managing Director	580	Specialist skills brought to the administration. Extensive experience in managing large, complex engagements at a very senior level over many years. Can deputise for the appointee. May also be a Registered/Official Liquidator and/or Trustee. Alternatively, has extensive leadership/senior management experience in business or industry.
Senior Director	570	Extensive experience in managing large, complex engagements at a very senior level over many years. Can deputise for the appointee, where required. May also be a Registered/Official Liquidator and/or Trustee or have experience sufficient to support an application to become registered. Alternatively, has significant senior management experience in business or industry, with specialist skills and/or qualifications.
Director	510	Significant experience across all types of administrations. Strong technical and commercial skills. Has primary conduct of small to large administrations, controlling a team of professionals. Answerable to the appointee, but otherwise responsible for all aspects of the administration. Alternatively, has significant senior management experience in business or industry, with specialist skills and/or qualifications.
Senior Consultant 2	440	Typically an ARITA professional member. Well developed technical and commercial skills. Has experience in complex matters and has conduct of small to medium administrations, supervising a small team of professionals. Assists planning and control of medium to larger administrations.
Senior Consultant 1	380	Assists with the planning and control of small to medium administrations. May have the conduct of minor administrations. Can supervise staff. Has experience performing more difficult tasks on larger administrations.
Consultant 2	360	Typically ICAA qualified (or similar). Required to control the tasks on small administrations and is responsible for assisting with tasks on medium to large administrations.
Consultant 1	315	Qualified accountant with several years experience. Required to assist with day-to-day tasks under the supervision of senior staff.
Associate 2	280	Typically a qualified accountant. Required to assist with day-to-day tasks under the supervision of senior staff.
Associate 1	260	Typically a university undergraduate or graduate. Required to assist with day-to-day tasks under the supervision of senior staff.
Junior Associate	185	Undergraduate in the latter stage of their university degree.
Administration 2	185	Well developed administrative skills with significant experience supporting professional staff, including superior knowledge of software packages, personal assistance work and/or office management. May also have appropriate bookkeeping or similar skills.
Junior Accountant	155	Undergraduate in the early stage of their university degree.
Administration 1	155	Has appropriate skills and experience to support professional staff in an administrative capacity.